

KINETIC ➡➡

Kinetic Motor Company Ltd.

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Reported on: 2000-2001



A. H. FIRODIA
Chairman

in the modernised scooters which were earlier the mainstay of the Indian two-wheeler industry, and a shift towards modern scooters – a category pioneered by Kinetic Motor. Within modern scooters also, the product offerings for the customer has been expanding and newer categories are being created such as four-stroke, gearless scooters. Kinetic has also been moving with the times and adding to its product portfolio best-in-class scooters.

At Kinetic Motor, our vision has been to be able to offer an entire range of ultra modern scooters to the customer – to have products differentiated by price points, power, styling and features. We want to be able to satisfy every customer. With this in mind, we have launched several products – Nova – a 115cc 4-stroke, very elegant family scooter; Zing – a zippy 65cc scooterette for youth and Zx Zoom – an upgraded variant of our classic popular scooter – now the most powerful scooter in the country. This, coupled with our other models like Style and Marvel, form the most formidable range of products in the industry today. While offering a range of products, we have still maintained some common threads between all of them – convenience of autostart and autogears, comfortable ergonomics, ample storage, modern looks

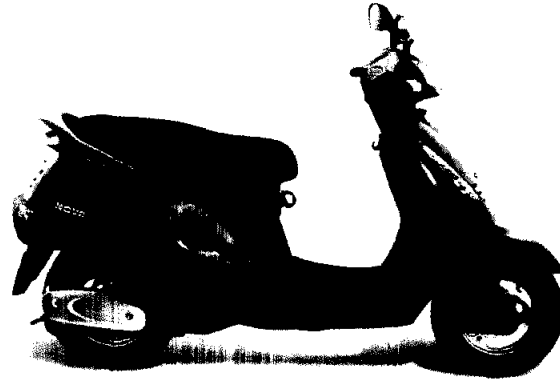
and a lot more. We have also geared up innovative product development kit – for the benefit of our customers to give them mileage of more than over 12 kmpl. Another important aspect has been cost reduction. We will continue with these efforts in the coming year.

Of our new products, Nova and Zing hold tremendous promise. Wherever launched, they have been a runaway success already. Nova has been appreciated widely by customers and experts alike for its elegant styling, powerful yet refined engine, fuel efficiency and utility. Zing has been liked for its fresh looks, peppy engine, light and easy yet spacious body and overall value package. You will be seeing more and more of these on the roads. Kinetic has also kicked off an aggressive exports campaign for Nova, Zing as well as Style and is expecting to make strong inroads into international markets judging by initial enthusiastic response.

I think with these world-class new scooters, Kinetic's product development capability has been established beyond doubt. I hope you will join me in looking at the next year as a year of reaping fruits for hard work of last year, and a year in which we solidify our position as leader in the modern scooters category.

Thanking you,

A. H. FIRODIA
Chairman

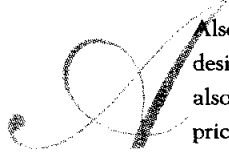


A 115cc, 4-stroke technology.
Dressed with great looks,
power and mileage too!



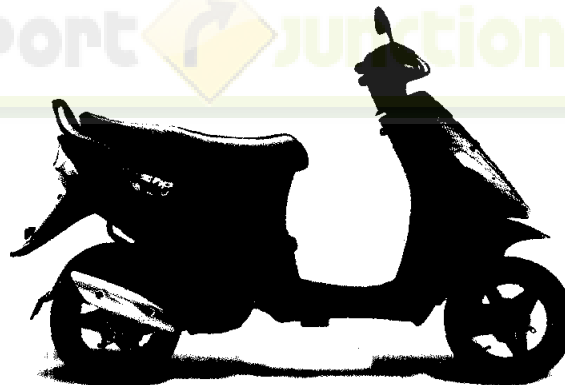
Kinetic Motor Company Limited is the nation's largest manufacturer of auto-gear'd scooters with a 54% market share.

Kinetic's latest and most glamorous scooter – *Nova* – has set new standards of scooter technology in India. Developed in a record time of 14 months, designed in collaboration with leading design house U/E/N, and tested for over 30,000 kms the Kinetic *Nova* has set a new benchmark for quality scooters. With a powerful 115cc, 4-stroke engine, with autogears and autostart, *Nova* is unbeatable in both style and substance. Its aerodynamic body, high gloss paints and its one-of-a-kind lighting system makes the *Nova* completely irresistible. Added to which, its mileage exceeds 55 kmpl, making it the most fuel-efficient scooter in the country. The *Nova* is a unisex product, as it makes riding a joy for both men and women.



Also revealed at the Pune Auto Expo, was the new Kinetic *Zing*. A feisty 65cc scooterette, designed with funk, in snazzy high gloss colours, making it the perfect college companion. It also has autostart and autogears for easy riding plus spacious under-seat storage. And it's priced in a way that makes it even more tempting than it looks.

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A bubbly 65cc scooterette,
which is a perfect travel
mate to the college.

Recognizing the excellence of our brand, KMCL picked up from Engineering Export Promotion Council, Ministry of Commerce, Government of India, the prestigious Export Excellence Award for the ninth time. This award is given for excellent Export performance among non-SSI Exporters in the two/three-wheelers – complete panel.

KMCL also initiated a special service – a Fuel Consumption Kit. This kit can be fitted on all old vehicles to enhance mileage. It consists of a special carburettor with Lean Burn Technology and a new choke system, which results in significant mileage improvement. Thus showing our commitment and care towards offering our customer the very best we can.



KINETIC 110

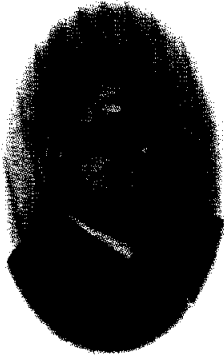
A 110cc best-in-class two-wheeler, the ultimate luxury ride.

New **KINETIC 110**
Pro

A 110cc family vehicle that gives much more value than an ordinary scooter.

KINETIC 75
SCOOTERETTE

A 75cc scooterette specially designed for two people. Has comfort, storage and power for 2.



Dear Shareholders,

The winds of change are blowing. The scooter industry has been undergoing dramatic transformations in recent times – with the decline

in the traditional geared scooters which were earlier the mainstay of the Indian two-wheeler industry, and a shift towards modern scooters – a category pioneered by Kinetic Motor. Within modern scooters also, the product offerings for the customer has been expanding and newer categories are being created such as four-stroke, gearless scooters. Kinetic has also been moving with the times and adding to its product portfolio best-in-class scooters.

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and high mileage. We also created an innovative fuel consumption improvement kit – for the benefit of owners of older Kinetics to give them mileage improvement of over 10 kmpl. Another important area of focus has been cost reduction. We will continue with these efforts in the coming year.

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Board of Directors	Mr. A.H. Firodia, <i>Chairman</i> Air Chief Marshal H. Moolgavkar (<i>Retd.</i>) Mr. R. D. Sathe Mrs. Sulajja Firodia Motwani Mr. S. S. Marathe Mr. Dinesh Munot Mr. M. Venkataiah Mr. R. J. Kabra Mr. S. N. Malhotra, <i>Executive Director (Operations)</i> Mr. P. C. Jain, <i>Director (Finance)</i> Mr. A. P. Pande, <i>Managing Director</i>
Company Secretary	Mr. V. M. Achwal
Auditors	M/s. A.F. Ferguson & Co. <i>Chartered Accountants</i> Mumbai
Cost Auditors	M/s. Dhananjay V. Joshi & Co. <i>Cost Accountants</i> Pune
Bankers	Canara Bank State Bank of Indore HDFC Bank Limited UTI Bank Limited
Registered Office	Plot No. 2, Industrial Area No. 1, Pithampur, Dist. Dhar (M.P.) 454 775.
Head Office	Neeta Towers, Dapodi, Pune - 411 012

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Kinetic Motor Company Limited will be held on Wednesday, 25th September, 2002 at 11.00 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, 2002 and Profit and Loss Account for the year ended on that date together with Auditors' Report thereon.
2. To note the payment of Interim Dividend on shares and to declare the same as Final Dividend for the year 2001-2002.
3. To appoint a Director in place of Mr. S. N. Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.
5. To appoint a Director in place of Mr. R. D. Sathe, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

NOTES :

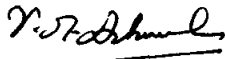
1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE SAID MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
2. The information as required to be provided under the Listing Agreement entered into

with various Stock Exchanges, regarding the directors who are proposed to be re-appointed is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will be closed from Monday, 16th September, 2002 to Wednesday, 25th September, 2002 (both days inclusive).
4. The Board of Directors in their Meeting held on 29th October, 2001 had declared payment of Interim Dividend of Rs. 2.50 per Equity share for the year 2001-02. The said Interim Dividend was paid on 26th November, 2001 to those members whose names appeared on the Company's Register of Members on the Record Date i.e. 13th November, 2001. In respect of shares held in electronic form, the Interim Dividend was paid to the beneficial owners of the shares as per details furnished by the Depositories for this purpose. The said Interim Dividend is recommended as Final Dividend for the year 2001-02 by the Board of Directors in their meeting held on 28th May, 2002.
5. Claim for unencashed dividend for the Financial year 1994-95 may be made by an application in the prescribed form to The Registrar of Companies, Madhya Pradesh and Chhattisgarh, Sanjay Complex, 'A' Block, 3rd Floor, Jayendraganj, Gwalior 474 009 (M.P.). Those members who have not so far encashed Dividend Warrants for the Accounting years 1995-96 and thereafter may immediately approach the Company for revalidation of unclaimed Dividend Warrants as the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund as per the provisions of Section 205C of the Companies Act, 1956.
6. Members desirous of obtaining any information concerning the accounts or

operations of the Company are requested to address their questions to the Director (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.

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



Pune
28 th May, 2002

V. M. ACHWAL
Company Secretary

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

Item No.3

Mr.S.N. Malhotra joined the Company in the year 1999 as Whole-time Director, designated as Executive Director (Operations). Mr. S. N. Malhotra is a Mechanical Engineer and has gained over 36 years of rich and varied working experience in automobile industry in the organisations including Escorts Limited, Majestic Auto Limited, Metal Box Limited, etc. Prior to joining Kinetic Motor Company Limited, he was Executive Director (Operations) in Escorts Construction Equipment Limited. Mr. S. N. Malhotra does not hold any other directorship and membership of any Committee.

Item No. 4

Air Chief Marshal H. Moolgavkar (Retd.) has been associated with the Company as a Director for a long period, since the year 1984. He retired as Chief of Indian Air Force. During his distinguished career with Indian Air Force, he was awarded 'Mahavir Chakra', India's second highest gallantry award and many other Medals viz. 'Param Vishishta Seva Medal and thereafter on visit to USA, the highest Congressional medal the LEGION of MERIT.

Air Chief Marshal H. Moolgavkar (Retd.) is Chairman of Remuneration Committee, Audit Committee and Compensation Committee of the Company. He is on the Board of Directors of Kinetic Finance Limited and Swifts Limited. He is Chairman of Audit Committee and Remuneration Committee of Kinetic Finance Ltd.

Item No. 5

Mr. R. D. Sathe joined the Board of Directors of the Company in the year 1989. He was Foreign Secretary to Government of India and has held important positions in the Ministry of External Affairs. He was Ambassador of India in Beijing, Bonn, Paris and Teheran. He has contributed articles on Foreign Affairs to newspapers and is a consultant on foreign affairs. He is Chairman of Shareholders' Grievance Committee and member of Remuneration Committee and Compensation Committee of the Board of Directors of the Company. Mr. R. D. Sathe does not hold any other directorship and membership of any other Committee.

DIRECTORS' REPORT

To
 The Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2002.

FINANCIAL RESULTS

	2001-02	2000-01
	(Rs. in lakhs)	
Sales and other Income	38339	42985
Gross Profit	2806	3071
Depreciation	576	546
Profit before Tax	2230	2525
Provision for Taxation	810	934
Net Profit	1420	1591
Dividend	377	376
Tax on Dividend	39	84
Transfer to General Reserve	900	1000
Profit carried Forward		
Last year	877	746
This year	981	877

DIVIDEND

Interim dividend of Rs. 2.50 per share (25 %) was declared and paid to the shareholders during the year. Your Directors recommend that the Interim dividend already paid be taken as final dividend for the year ended 31st March, 2002.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Indian Two-Wheeler Industry

During the year 2001-02, 43.18 lakh Two-Wheelers were sold as against sale of 37.45 lakh in the last year. However, the growth was driven by Motorcycle sales which recorded 37% rise, whereas the sale of Scooters and Mopeds recorded negative sales growth.

Company's Performance

Your Company produced 1,15,509 nos. and sold 1,17,013 nos. of Two-Wheelers in the year 2001-02. Company's domestic sales marginally declined by 4% to 1,12,950 nos. from 1,17,639 nos. last year. Export sales, however, registered a decline of 49% from 8030 nos. last year to 4063 nos. As a result, export turnover of the Company has also come down to Rs. 14 crores from Rs.28 crores. The factors adversely affecting Company's export sales were global slowdown of economy, high devaluation of currencies of some buying countries, high anti-dumping duties, ban on use of 2 Stroke scooters by some foreign countries, international disturbances causing war conditions etc. As per agreement with Honda Motor Company Limited, Japan, the export of scooters under HONDA Trade Mark is being continued.

During the year under review, in order to offer wider range of products to customers, the Company undertook production of 75cc Scooterette 'Style'. The Company also introduced a 115 cc Four Stroke Scooter 'Nova', which has been well received in the market. A 65 cc Scooterette 'Zing', an economy Model especially for college students, is being launched in the current year. These new models are expected to