

KINETIC ➡

BECAUSE YOU DESERVE THE BEST



ANNUAL REPORT
2003-2004

Kinetic Motor Company Ltd.

2003-2004 **ACHIEVEMENTS**

Kinetic acquires seven bestselling models from reputed Italian two wheeler company

In a strategic move aimed at asserting its dominance on the modern scooters category, we entered into a special alliance with renowned Italian two wheeler maker Italjet for modern scooters. Under this alliance, Kinetic has acquired complete manufacturing and distribution rights for seven bestselling brands from Italjet's range of scooters. These rights include sale in India as well as global exports. The seven scooters are expected to be launched in a phased manner over the next two years, and will revolutionize the modern scooters segment in India. The scooters portfolio comprises an exciting variety of designs from retro, modern, futuristic to maxiscooters, from 75cc to 250cc engine capacities.

Additionally, under the agreement, Mr. Leopoldo Tartarini, the founder of Italjet will also design scooters specially for Kinetic. Mr. Tartarini is a world acclaimed two wheeler designer whose creations form part of the permanent exhibits at world's most prestigious art galleries and museums including the Museum of Modern Art and The Guggenheim Museum at New York. He has also designed scooters and motorcycles for many of the world's leading two wheeler companies including Ducati, Gilera, Piaggio, Yamaha and others.

Kinetic's wonderscooter Nova set to ride European and American streets

Kinetic Nova has successfully completed all homologation requirements for European countries & for North America. Exports have already begun to European countries such as Turkey, Sweden, Czech republic, Greece and UK. The European homologation is a difficult process that involves a comprehensive and detailed testing and certification process by the authorities. The vehicle must meet specified norms of emission, design and safety in terms of parameters like braking, durability, lighting, quality, etc.

NEW PRODUCT LAUNCHES

Kinetic Nova. Kinetic Zing

Moving one notch up. Upgraded to 135cc and 80cc respectively.

Kinetic Nova 135

Superior power. Amazing ride.



Kinetic Zing 80

Awesome style. Funky features
and truckloads of attitude.

NEW PRODUCT LAUNCHES

Euro

The most preferred currency on the road.

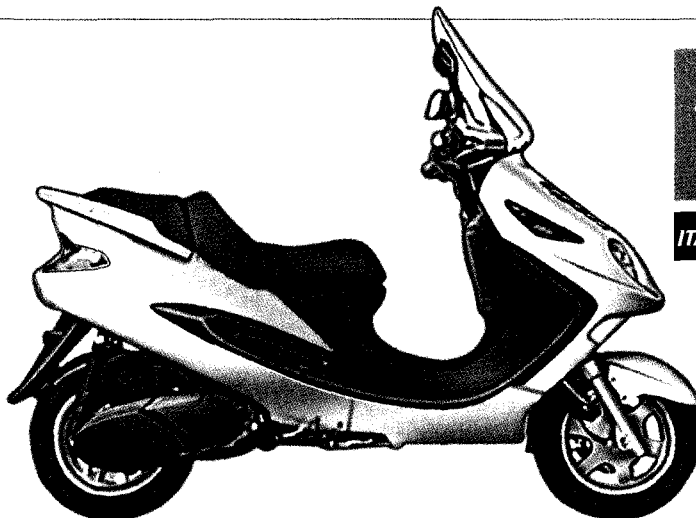
ITALIANO SERIES



Millenium

The most preferred currency on the road.

ITALIANO SERIES



2003-2004

ACHIEVEMENTS

Europe could give a major thrust to Nova exports since it is a large well-established scooter market. The countries, of focus, in Europe will be Italy, France, Greece, Germany, UK, Netherlands, Spain as well as the East European countries such as Yugoslavia, Czech Republic etc. We believe that the critically acclaimed Nova is an absolutely world class product in terms of design, technology and quality; and manufactured in India at a highly attractive price.

Kinetic Nova completes rally from Kashmir to Kanyakumari in 14 days, at an impressive mileage of 65.79 kmpl.

Kinetic kicked off an ambitious rally to cover the length of our country from Kashmir to Kanyakumari on the Nova, for testing endurance and fuel efficiency of the vehicle. The 4-rider rally successfully traveled the distance of 3967 kms in two weeks with an outstanding mileage of 65.79 kmpl without any problems or breakdowns. The rally was conducted by Pune based team of student riders. Prominent TV channel AXN telecast two episodes based on the adventures of these students.

Mr. Dilip Bam, renowned auto journalist accompanied the riders through their journey to provide independent assessment of the rally results. The journey began at Patnitop in Jammu and Kashmir and passed through the route covering Punjab, Haryana, Delhi, Uttar Pradesh, Madhya Pradesh, Maharashtra, Andhra Pradesh, Karnataka, Kerala and Tamil Nadu. The route comprised of varied terrain from snowy mountains, rural roads to city traffic conditions.

2003-2004 **ACHIEVEMENTS**

Launch of zippy scooter Zing 80

We decided to take a bigger bite of the student driven scooterette pie by launching stylish, peppy and feature packed scooterette Zing 80. The Kinetic Zing 80 is available at a great value price to make its affordable to the students. The fact that the new Zing 80 has a Rs. 5000/- advantage over its competition, appeals to its target buyer.

Zing 80 builds on the success of the popular Kinetic Zing and is expected to go straight to the top of the scooterette sales chart. Kinetic Zing has been rated among top 3 two wheelers in India for manufacturer quality.

The new Zing 80 features a more powerful engine with improved acceleration, power and torque, hot new aesthetics with a two tone color scheme and new decals, new mirrors etc., bigger tyres for more stability, a twin-texture seat cover, new headlight case, MFR indicator lenses, aluminum folding type ladies foot rest. It retains the unique features of the Zing such as a mobile phone charging point, cola can holder; and is equipped with electric start and gearless transmission.

The company ran an aggressive promotion plan for Zing 80 over the months of May and June across the country. To tap into the youth segment, Kinetic signed on all the leading VJs from MTV to promote Zing 80.

Board of Directors**Mr. A.H. Firodia, *Chairman*****Air Chief Marshal H. Moolgavkar (Retd.)****Mrs. Sulajja Firodia Motwani****Mr. S. S. Marathe****Mr. Dinesh Munot****Mr. M. Venkataiah****Mr. R. J. Kabra****Mr. P. C. Jain, *Director (Finance)*****Mr. A. M. Shirolkar, *Director (Technical)*****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****State Bank of Indore****HDFC Bank Limited****UTI Bank Limited****ING Vysya Bank Limited****Registered Office****Plot No. 2, Industrial Area No. 1,****Pithampur, Dist. Dhar (M.P.) 454 775.****Head Office****D1 Block, Plot No. 18/2, Chinchwad,****Pune-411 019.**

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Kinetic Motor Company Limited will be held on Wednesday, 22nd September, 2004 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 31 st March, 2004 and Profit and Loss Account for the year ended on that date together with Auditors' Report thereon.
2. To appoint a Director in place of Mrs.Sulajja Firodia Motwani, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. S. S. Marathe, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dinesh Munot, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant 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 (hereinafter referred to as 'the Act') including any statutory modification or re-enactment thereof, for the time being in force, consent of the Members be and is hereby accorded to re-appointment of Mr. A. H. Firodia as Chairman of the Company for a further period of 5 years from 25 th December, 2003 to 24th December, 2008 and to the payment of remuneration and perquisites and giving of benefits and amenities as set out

hereinafter with liberty to the Board of Directors and / or Remuneration Committee to alter and vary the terms and conditions of the said appointment including the terms and condition as to payment of remuneration and perquisites and giving of benefits and amenities so as to be in conformity with Schedule XIII to the Act and/or any modifications that may hereafter be made thereto by the Central Government in that behalf from time to time and agreed to by the said Chairman.

Remuneration :

The Chairman shall be paid Basic Salary of Rs.1,50,000/- (Rupees One Lakh Fifty Thousand only) per month with an annual increase of 10% every year.

Perquisites :

In addition to the above, the Chairman shall be entitled to the following perquisites. The perquisites shall be evaluated as per the Income-Tax Rules, wherever applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost. Unless the context otherwise requires, perquisites are classified into three categories 'A', 'B' and 'C'. These will be provided for as under:

Category 'A'

(i) Housing I

The expenditure by the Company on hiring furnished accommodation for the Chairman will be subject to the ceiling of Sixty per cent of the Salary of the Chairman.

Housing II

In case the accommodation is owned by the Company, ten per cent of the Salary of the Chairman shall be deducted by the Company.

Housing III

In case no accommodation is provided by the Company, the Chairman shall be entitled to House rent allowance subject to the ceiling laid down in Housing I.

(ii) Medical Re-imbursement :

Expenses incurred for the Chairman and his family shall be subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

(iii) Leave Travel Concession :

For the Chairman 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. This will not include admission and life membership fee.

(v) Personal Accident Insurance and Mediclaim benefits as per rules of the Company.**(vi) Free gas, electricity, water, furnishings and provision of watchmen, cooks, servants, sweepers and gardeners at the residence of the Chairman as per rules of the Company.****(vii) Such other privileges, facilities, perquisites and amenities including Leave and Leave encashment as per the rules of the Company.****Explanation :**

For the purpose of Category 'A', 'family' means the spouse and dependent children of the Chairman.

Category 'B'

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on remuneration to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity payable will not exceed half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on remuneration.

Category 'C'

Provision of car with Driver for use on Company's business as per rules of the

Company and telephone at residence will not be considered as perquisites. Personal long-distance calls on telephone and use of car for private purpose shall be billed by the Company to the Chairman.

RESOLVED FURTHER THAT the Chairman shall also be paid a commission of such an amount as may be decided by Remuneration Committee/ 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 the Chairman and all other Whole-time Directors shall not exceed 10% of the Net Profits of the Company computed as per provisions of Section 349 and 350 of the Act or any modifications / amendment thereto.

RESOLVED FURTHER THAT the remuneration drawn by the Chairman from the Company together with the remuneration 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 he is a managerial person.

RESOLVED FURTHER THAT in event of loss or inadequacy of profits in any financial year during the currency of tenure of the Chairman, the Chairman shall be entitled to the same Salary and Perquisites but not exceeding the ceiling limits specified under Section II of Part II of Schedule XIII to the Act read with Section III of Part II of Schedule XIII to the Act or any modifications / amendments thereto".

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 as required by Section 173 of the Companies Act, 1956 and the information in respect of the Directors to be re-appointed at the Annual General Meeting as per clause 49 of the Listing Agreement, are annexed hereto.**

KINETIC MOTOR COMPANY LTD.

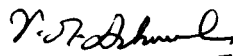
3. The Register of Members and Share Transfer Books of the Company will be closed from Thursday, 16 th September, 2004 to Wednesday, 22 nd September, 2004 (both days inclusive) for the purpose of Annual General Meeting.
4. In view of amended Section 205C of the Companies Act, 1956 followed by the issue of Investor Education & Protection Fund (awareness and protection of the investors) Rules, 2001, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to Investor Education & Protection Fund (IEPF) set up by the Central Government. Accordingly, the Company has transferred to IEPF the unclaimed dividend for the year ended 31 st March, 1996 on 13/11/2003.

The Unclaimed Dividend for the year ended 31 st March, 1997 shall become transferable to IEPF later this year. Shareholders who have not claimed the dividend for the year ended 31 st March, 1997 are requested to lodge their claims with the Company latest by 15 th October, 2004.

The amount of dividend remaining unclaimed for a period of 7 years from the date of transfer to unpaid dividend account for every subsequent years upto 2001-2002, will also be transferred to IEPF every year. No claims shall lie thereafter against IEPF or the Company in respect of the amounts transferred as aforesaid.

5. 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**



V. M. ACHWAL
Company Secretary

Pune
29 th May, 2004

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

The previous term of office of Mr. A. H. Firodia as Chairman of the Company expired on 24 th December, 2003. The Board of Directors and the Remuneration Committee in their meetings held on 31 st October, 2003 passed the Resolutions for re-appointment of Mr. A. H. Firodia as Chairman of the Company for a further period of 5 years from 25 th December, 2003 to 24 th December, 2008 and for payment of remuneration to him as set out in item No. 6 of Notice, subject to the approval of the Members of the Company in the General Meeting.

Mr. A. H. Firodia is B.Tech with distinction in Electrical Engineering from IIT, Mumbai. He is also MS in Electrical Engineering from Massachusetts Institute of Technology and MS in Management from Sloan School of Management, USA. He has a bright academic career and was a recipient of several Gold Medals and Merit Certificates. He has rich experience of more than 35 years in Automobile Industry.

As per Part III of Schedule XIII to the Companies Act, 1956, appointment of Whole-time Director and payment of remuneration to him is subject to approval by a resolution of the shareholders in the General Meeting and hence this resolution. The remuneration drawn by the Appointee during the financial year 2003-04 is within the ceiling limits of remuneration prescribed in paragraph 1(A) of Section II read with Section III of Part II. of Schedule XIII to the Act. Having regard to his knowledge and experience, the Remuneration Committee and Board of Directors consider the proposed remuneration, perquisites, benefits and amenities as reasonable and recommend that the same be approved by the members.

None of the directors except Mr. A. H. Firodia and Mrs. Sulajja Firodia Motwani may be deemed to be concerned or interested in passing of this Resolution.

The abstract and Memorandum of interest under Section 302 of the Companies Act, 1956 was already sent to the shareholders vide circular dated 31/10/2003.

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



Pune
29 th May, 2004

V. M. ACHWAL
Company Secretary