



KINETIC

26th

ANNUAL REPORT

2010-2011

KINETIC MOTOR COMPANY LTD.

Board of Directors :

MR. A. H. FIRODIA *Chairman*

Mrs. SULAJJA FIRODIA MOTWANI *Director*

Mr. DINESH MUNOT

Mr. M. VENKATAIAH

Mr. S. R. KOTECHA

Mr. R. J. KABRA

Mr. LIU WU - HSIUNG

Auditors :

M/s. Lakhani & Co.

Chartered Accountants, Mumbai

Registered Office :

D-1 Block, Plot No.- 18/2, Chinchwad, Pune- 411019

Corporate Office :

D-1 Block, Plot No. 18/2, Chinchwad, Pune - 411019

NOTICE

Notice is hereby given that the 26th Annual General Meeting of the Members of Kinetic Motor Company Limited will be held on 20th October, 2012 at 11.00 a.m. at D-1 Block, Plot No.- 18/2, Chinchwad, Pune- 411019, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st December, 2011 and the Balance Sheet as at that date, together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R. J. Kabra, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. S. R. Kotecha, who retires by rotation and is eligible for reappointment.
4. 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 THE PROXY NEED NOT BE A MEMBER. The Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time for holding the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution / authority, as applicable, issued by the member organization.

2. A statement setting out the information in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting (Item Nos. 2 & 3 of the Notice), as per Clause 49 of the Listing Agreement, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Thursday, 18th October, 2012 to Saturday, 20th October, 2012 (both days inclusive), in accordance with the requirements of Clause 16 of the Listing Agreement.
4. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, inter-alia, all unclaimed / unpaid dividend, remaining unpaid or unclaimed for a period of 7 years from the date those are transferred to the special account in terms of the provisions of the said Sections, have been transferred to the Investors' Education and Protection Fund (IEPF) established by the Central Government.
5. Members desirous of obtaining any information concerning the accounts or operations of the Company are requested to address their queries to Secretarial Department, so as to reach the Company at least 10 days before the date of the meeting.

By Order of the Board of Directors

Sulajja Firodia Motwani
Director

Pune : February 29, 2012

Registered Office :
D-1 Block, Plot No.- 18/2,
Chinchwad, Pune- 411019

KINETIC MOTOR COMPANY LTD.

ANNEXURE

Item Sr. Nos. 2 & 3

Information as required under Clause 49 of the Listing Agreement, in relation to the directors seeking re-appointment at the ensuing Annual General Meeting :

Mr.R. J Kabra

Mr.R.J.Kabra, aged 69 years, has completed Post Diploma in Production Engineering from V.J.T.I. Mumbai, and has gained 47 years wide experience in automobile Industry at various senior positions.He is a member of the Indian Institution of Production Engineers, Bangalore and the Institute of Automobile Engineers, Ahmednagar. He has been awarded "ENGINEER OF THE YEAR' by Institution of Engineers, for the year 1999, Mr. R.J.Kabra does not hold any other directorship. He is Chairman of Audit Committee and a member of various Committees of Board of Directors including Remuneration Committee and Shareholders' Grievance Committee of Kinetic Motor Company Limited.

Mr. S. R. Kotecha

Mr. S. R. Kotecha , aged 60 years, is M.S. Automobiles, from Kanas University,USA and having 30 years of rich experience in Automobile manufacturing activities. Mr. S. R. Kotecha is also a Director on the Board of Kinetic Engineering Limited. Mr. S. R. Kotecha is a member of Audit Committee and Remuneration Committee of Kinetic Motor Company Limited . Mr. S. R. Kotecha is also a Chairman of Audit Committee and member of Remuneration and Shareholder Greivance Committee of Kinetic Engineering Limited.

None of the directors is to be considered as interested in the proposed resolutions.

By Order of the Board of Directors

Sulajja Firodia Motwani
Director

Pune : February 29, 2012

Registered Office :
D-1 Block, Plot No.- 18/2,
Chinchwad, Pune- 411019

DIRECTORS' REPORT

To
The Members,

Your Directors present their Report on the business and operations of your Company for the year ended 31st, December, 2011.

FINANCIAL RESULTS

	<i>Accounting Year ended on 31st December, 2011 (₹. in Lakhs)</i>	<i>Accounting Year ended on 30th September, 2010 (₹. in Lakhs)</i>
Gross Sales and Other Income	569	762
Net Profit / (Loss) for the period	(148)	(605)
Profit / (Loss) carried forward		
Last Year	(15906)	(15300)
This Year	(15758)	(15906)

After transferring its 2-wheeler business related assets to a Mahindra group company (Mahindra Two Wheelers Limited) as part of its business restructuring, in November, 2008, Kinetic Motor Company Limited (KMCL) has been in discussions with Kinetic Engineering Limited (KEL) management for a proposal to amalgamate KMCL into KEL. Your Board of Directors also, in their meeting held on 9th December, 2011 have passed the resolution and approved the Scheme of Amalgamation for merging KMCL with the KEL.

Both, KEL and KMCL are engaged in the Automotives Business. The amalgamation will enable achievement of the potential of Automotive Business including participation of investors, strategic partners, lenders and other stakeholders in such Business.

The Merger will also help streamlining of the activities of the respective companies and reduce managerial overlaps; and augmenting shareholders' value besides aligning interests of shareholders in a single entity.

MANAGEMENT DISCUSSION & ANALYSIS REPORT**Business Restructuring**

After transferring its 2-wheeler business related assets to a Mahindra group company (Mahindra Two Wheelers Limited) as part of its business restructuring, in November, 2008, the Company has been evaluating different avenues for newer businesses. However, Company has also been in discussions with KEL for a possible Amalgamation with KEL and Board of Directors of both the Companies have approved the Scheme of Amalgamation of KMCL with KEL. The appointed date for Amalgamation is fixed as 1st January, 2012. The Companies have made the applications to Stock Exchanges for approval to the Scheme of Amalgamation, which is awaited till the date of this report. Post Stock Exchange approvals, the Scheme would be filed with the honourable Bombay High Court for its sanction.

Financial Restructuring

After utilizing the funds available from the sale of two-wheeler business related assets, for settling secured lenders and various other liabilities, Company had continued the process of settlement of unsecured creditors to the maximum extent during the period under review.

During the period under review, the Company had converted 38 lac Optionally Convertible Cumulative Preference Shares (OCCPS) of ₹. 14.20 each into equity shares of ₹. 10 each, at a premium of ₹. 4.20 each.

Further during the period, 50,09,090 Optionally Convertible Cumulative Preference Shares of ₹. 22 each were issued on 23.08.2011 and 1,03,00,000 New Redeemable Preference Shares of ₹. 10/- were issued on 23.08.2012 and allotted by the Board on 14.11.2011.

Research & Development And Technology Absorption

During the period under review, the Company has not acquired new technology, and there were no research and development activities undertaken by the Company.

KINETIC MOTOR COMPANY LTD.

Industry Overview

The Company has made a strategic investment in the 20% equity of Mahindra Two Wheelers Limited (MTWL). MTWL operates in the area of two wheelers and manufactures two wheelers at the well established Pithampur factory. After launching new models and variants of scooters in last two years, MTWL has recently entered the large-potential market segment of motor-cycles. In scooters segment, MTWL has reached a monthly sales level of 20000 nos., as reported in SIAM.

Opportunities, threats, risks and concerns

The Company, having sold its assets relating to two wheeler business in November, 2008, as mentioned above, is cautiously optimistic regarding the future prospects and opportunities for its associate- MTWL- in the long term.

Outlook

After having sold its assets relating to two wheeler business in November, 2008, and after paying off its secured debts and substantially reducing its other liabilities, Company has now planned to get it merged with Kinetic Engineering Limited and to generate sizable wealth for its shareholders. Company remains optimistic that the investment made in Mahindra Two Wheelers Limited, in terms of 20% equity stake will appreciate in coming years and create value for the shareholders of the Company.

Financial performance vis-à-vis Operational performance:

Sales and Other Income

Sales and other income in the period under review were ₹. 5.69 crores as against ₹. 7.62 crores in the previous period, due to discontinuance of two-wheeler business.

Margin

The company reported a net loss of ₹. 1.48 crores in the period under review as against net loss of ₹. 6.05 crores in the previous period.

Interest Cost

Interest cost in the period under review was ₹. 0.07 crores as against ₹. 0.12 crores in the previous period.

Inventory

Inventory for the period under review was ₹. 0.04 crores as against ₹. 0.60 crores in the previous period.

Debtors

Debtors for the period under review were ₹. 0.58 Crores as against ₹. 1.34 crores in the previous period

Internal Control System

Your Company has adequate internal control system commensurate with its size and nature of business for ensuring efficiency of operations and protection of company's assets. With a view to ensure better internal control systems, the company's Audit Committee periodically reviews compliance with Company's policies, procedures and laws.

Human Resource Development

Most of the employees were transferred to Mahindra Two Wheelers Limited. Relationship with the remaining employees has been cordial, during the period under review.

Cautionary Statement

This 'Management & Discussion Analysis Report' contains 'forward looking statements, based on Company's projections, estimates and perceptions about socio-economic conditions, government policies etc. The Company does not guarantee their accuracy, and cautions that circumstance beyond control of the Management may affect the actual working.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There are no foreign exchange earnings and outgo during the period.

CONSERVATION OF ENERGY

The present level of energy consumption of the Company is very insignificant.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that :

1. In preparation of the accounts for the period under review, your company has followed the applicable accounting standards.
2. Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2011 and of the loss of the Company for the period ended on that date.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Annual Accounts for the period under review have been prepared on a 'Going Concern' basis.

CORPORATE GOVERNANCE

The Company is implementing Corporate Governance code as per the Listing Agreement with Stock Exchanges. A separate Report on Corporate Governance is given as Annexure to the Directors' Report.

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 are contained in a Statement forming part of this Report. However, as per the provisions of Section 219(1)(b)(vi) of the Companies Act, 1956, the Report and Annual Accounts are being sent to the shareholders of the Company, excluding the particulars of employees. Any shareholder interested in obtaining a copy of the said Statement may write to the Company.

DIRECTORS

Mr. R. J. Kabra & Mr. S. R. Kotecha are liable for retirement by rotation at the ensuing AGM of the Company, and they are eligible for reappointment. Information as required under Clause 49 of the Listing Agreement, is provided in the annexure to this report.

AUDITORS

The Auditors M/s Lakhani & Co, Chartered Accountants, hold their office until the conclusion of the ensuing AGM, and have furnished a certificate in terms of Sec. 224(1) of the Companies Act, 1956, about their eligibility.

FIXED DEPOSITS

The company has not accepted any fixed deposit from public during the period under review.

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

A. H. FIRODIA
Chairman

Pune : February 29, 2012

KINETIC MOTOR COMPANY LTD.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST DECEMBER 2011

Corporate Governance Philosophy

Corporate Governance, in essence, is a set of systems and procedures, which aims to ensure that the Company is managed to suit the best interest of all its stakeholders with an objective to maximise their wealth. The stakeholders may be Promoters, Shareholders, Customers, Lenders, Dealers, Vendors, Government or Employees. Your Company is committed for implementation of good corporate governance practices in the interest of its stakeholders.

Composition of Board of Directors

The Board of Directors of the Company comprises 7 Directors. The number of Non-Executive Directors is more than fifty per cent of the total number of directors. Independent Directors are atleast one-half of the total strength. Details of Directors, their Directorships / Memberships in Committees of other Companies and attendance at Board / Annual General Meeting of Kinetic Motor Company Limited (KMCL) are as under:

Name of Director	Category	No. of KMCL Board Meetings Attended	Attendance at last AGM of KMCL	No. of Other Directorships in Public Limited Companies as on 31/12/2011	Committee Membership of Other Companies as on 31/12/2011	
					Member	Chairman
Mr. A. H. Firodia	ED	7	No	7	Nil	Nil
Mrs. Sulajja Firodia Motwani	ED	9	No	3	Nil	Nil
Mr. Dinesh Munot	IND	2	No	3	Nil	Nil
Mr. M. Venkataiah	IND	9	No	Nil	Nil	Nil
Mr. R. J. Kabra	IND	9	Yes	Nil	Nil	Nil
Mr. Liu Wu-Hsiung	Nominee	0	No	Nil	Nil	Nil
Mr. S. R. Kotecha	IND	3	No	1	Nil	Nil

ED : Executive Director, IND : Independent Director

During the 15 months period ended 31st December 2011 (hereinafter referred to as 'the period under review'), 10 Board Meetings were held on 15.11.2010, 12.02.2011, 21.03.2011, 12.05.2011, 25.06.2011, 12.07.2011, 29.07.2011, 12.08.2011, 14.11.2011 and 9.12.2011. The maximum time gap between any two Board Meetings was not more than four months. The Company did not have any pecuniary relationship or transactions with Non-Executive Directors except for payment of sitting fees during the period under review.

The Board reviews Compliance Report of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliance.

Code of Conduct

The Board has laid down a code of conduct for all Board members and senior management of the Company.

All Board Members and senior management have affirmed compliance with the code of conduct on an annual basis and the Annual Report contains declaration to that effect signed by the Managing Director of the company.

The Company has laid down procedures to inform Board about risk assessment and minimization procedures. These procedures are periodically reviewed by executive management to control the risks.

Audit Committee

The Audit Committee consists of 4 members viz Mr. R. J. Kabra as Chairman, Mrs. Sulajja Firodia Motwani, Mr. M. Venkataiah and Mr. S. R. Kotecha. Two-third of the members of the Audit Committee are Independent Directors. All members of the Audit Committee are financially literate and one member has accounting and related management expertise. The terms of reference of Audit Committee include reviewing the Quarterly and annual financial statements before submission to the Board, to take note of report on statutory compliance, ensure compliance of timely payment of statutory dues and review other matters as per requirements of Corporate Governance. The Audit Committee reviews Internal Control reports of the Internal Auditor and meets Internal and Statutory Auditors periodically for discussions and suggestions. Disclosures were made to Audit Committee about uses/application of funds raised by the Company through Preferential issues of securities.

During the period under review, 5 Audit Committee Meetings were held on 15.11.2010, 12.02.2011, 12.05.2011, 12.08.2011 and 14.11.2011. The time interval between two meetings was not more than four months. Directors' attendances at the meetings were as follows:

Name of Director	No. of Meetings attended
Mr. R. J. Kabra	4
Mr. M. Venkataiah	5
Mrs. Sulajja Firodia Motwani	4
Mr. S. R. Kotecha	1

The meetings of Audit Committee are also attended by Head of Finance Department, Internal Auditors, Statutory Auditors, Cost Auditor and other senior executives on invitation.

Remuneration Committee

The Remuneration Committee consists of 3 Non-Executive Independent Directors viz Mr. Dinesh Munot as Chairman, Mr. R. J. Kabra and Mr. S. R. Kotecha, as Members. The terms of reference of the Remuneration Committee include fixation of salary, perquisites etc to Executive Directors.

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For the purpose of fixing the amount of remuneration of Executive Director, the Remuneration Committee takes into account various factors viz. remuneration package offered to senior directors in the automobile and engineering industry, trends in industry, financial position of the Company, performance of the Executive Director, his qualification, experience and past remuneration, terms of employment etc.

Non-Executive Directors of the Company are paid sitting fees @ ₹. 2,000 per meeting of the Board/ Committee attended by them. No commission is paid to Non-Executive Directors.

No Remuneration Committee Meeting was held during the year.

Details of Remuneration (fixed) paid / payable to Executive Directors during the period is as follows:

Name of Director	Designation	*Salary (₹.)	Retirement Benefits (₹.)	Total (₹.)
Mr. A. H. Firodia	Chairman	2475000	371250	2846250
Mrs. Sulajja Firodia Motwani	Director	4200000	630000	4830000

* Salary includes Basic Salary, allowances and perquisites. No commission is payable to Executive Directors for the period under review.

The above remuneration excludes liability for leave encashment as the same is provided for on an actuarial basis for the Company as a whole.

Mr. A H Firodia is appointed for a period of 5 years and Mrs Sulajja Firodia Motwani is appointed for a period of 1 year w.e.f. 04.05.2011. However, Mrs. Sulajja Firodia Motwani is continued as Managing Director only upto 31st December, 2011 and is a Director with effect from 01-01-2012. The Company has filed relevant Form 25A with the Central Government, seeking approval for the abovesaid appointments

Details of Sitting fees paid to Non-Executive Directors for attending Board / Committee Meetings and their shareholding are as follows:

Name of Director	Shares Held	Sitting Fees (₹.)
Mr. Dinesh Munot	5250	4000
Mr. M. Venkataiah	300	28000
Mr. R. J. Kabra	200	26000
Mr. Liu Wu-Hsiung	Nil	Nil
Mr. S. R. Kotecha	650	8000

Shareholders' Grievance Committee

Shareholders' Grievance Committee consists of Mr. M. Venkataiah as its Chairman and Mr. R. J. Kabra as Member, to look into redressing of shareholders complaints like transfer of shares, non-receipt of Annual Report, non-receipt of declared dividend etc. No Shareholders' Grievance Committee Meeting was held during the year.

During the period under review, the Company has received NIL Complaints.

The Board of Directors have delegated authority for approval of share transfers to Mr. A. H. Firodia, Chairman and Mrs. Sulajja Firodia Motwani, Managing Director.

The Company has approved all valid applications for transfer of shares received during the period ended 31st December 2011.

Annual General Meetings:

Accounting Year Ending	Date	Time	Location
30th September, 2010	28/03/2011	11.30 a.m.	Hotel Surya, South Tukoganj, Indore
30th September, 2009	30/03/2010	11.00 a.m.	Hotel Surya, South Tukoganj, Indore
30th September, 2008	19/01/2009	11.00 a.m.	Regd. Office at Pithampur

At the last 3 AGMs, no special resolution was passed.

Disclosures

- (i) Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the directors or management, their subsidiaries or relatives etc. that may have potential conflict with interests of Company at large :
Normal trade transactions were entered into by the Company with the related parties. The Executive Directors are paid remuneration. The disclosures on related party transactions as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, are given in Notes to the Accounts, Note No. 17 to 21.
- (ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : None
- (iii) Company has in place a Suggestion Box system for free communication between workers staff and management. No employee has been denied access to the audit committee.
- (iv) The Company has not adopted any Whistle blower policy.
- (v) The status of implementation of non-mandatory requirements on Corporate Governance recommended under clause 49 of the Listing Agreement is as under :
The Board has set up Remuneration Committee comprising of 3 non-executive Independent directors.

Means of Communication

The Company's Quarterly Financial Results were published in leading English newspaper (Free Press Journal- Mumbai Edition) and also in regional language Hindi / Marathi newspaper (Swadesh- Indore Edition / Loksatta, Pune Edition). The results of the company are displayed on the website www.bseindia.com. The website also displays official news releases. No presentation was made to Institutional Investors and Analysts.

Management Discussion and Analysis is forming part of Directors' Report.

General Shareholders Information

The 26th Annual General Meeting is proposed to be held on 20th October, 2012 at 11 a.m. at D-1 Block, Plot No.- 18/2, Chinchwad, Pune- 411019,

Dates of Book-Closure : 18th October, 2012 to 20th October, 2012 (both days inclusive).

Dividend Payment Date: Not Applicable

Listing of Shares on Stock Exchanges: The shares of the Company are listed on National Stock Exchange of India Limited "Exchange Plaza" Bandra Kurla Complex, Bandra East, Mumbai - 400 061, Madhya Pradesh Stock Exchange (Regional Stock Exchange), 201 Palika Plaza II, MTH Compound, Indore - 452001 and Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street Mumbai-400 001.

KINETIC MOTOR COMPANY LTD.

Stock Code (National Stock Exchange of India Limited) : KINETICMOT

Stock Code (Bombay Stock Exchange Limited) : 505190

Market Price data (Bombay Stock Exchange Limited): High / Low Prices during each month in the period under review:

Month	Share Price		BSE Sensex	
	High (₹.)	Low (₹.)	High	Low
October, 2010	49.95	23.60	20,854.55	19,768.96
November, 2010	43.25	29.50	21,108.64	18,954.82
December, 2010	35.95	27.00	20,552.03	19,074.57
January, 2011	31.85	23.35	20,664.80	18,038.48
February, 2011	25.55	19.20	18,690.97	17,295.62
March, 2011	24.35	20.10	19,575.16	17,792.17
April, 2011	27.10	21.40	19,811.14	18,976.19
May, 2011	22.30	18.50	19,253.87	17,786.13
June, 2011	20.75	17.75	18,873.39	17,314.38
July, 2011	21.15	17.00	19,131.70	18,131.86
August, 2011	18.40	14.00	18,440.07	15,765.53
September, 2011	18.70	15.00	17,211.80	15,801.01
October, 2011	19.30	14.15	17,908.13	15,745.43
November, 2011	19.35	13.70	17,702.26	15,478.69
December, 2011	16.75	10.10	17,003.71	15,135.86

Registrar and Transfer Agents:

The Company's equity shares are compulsorily traded in Demat mode and hence transferable through the depository system. Link Intime India Pvt. Limited, Block No. 202, 2nd Floor, Akshay Complex, Off. Dhole Patil Road, Pune 411 001 have been appointed as Company's Registrar and Transfer Agent as per SEBI's Circular for appointment of common agency to carry physical and electronic share registry work.

Share Transfer System:

All the transfers received are processed by the Registrar and Transfer Agent and approved by the authorised Directors of the Company.

Distribution of shareholding as on 31th December, 2011

No. of shares held	Folio Nos.	%	Shares Nos.	%
Upto 5000	17550	86.4830	2791748	10.1348
5001 - 10000	1435	7.0714	1232331	4.4737
10001 - 20000	650	3.2031	1032376	3.7478
20001 - 30000	243	1.1975	624580	2.2674
30001 - 40000	101	0.4977	369964	1.3431
40001 - 50000	101	0.4977	483332	1.7546
50001 - 100000	113	0.5568	833910	3.0273
100001 and Above	100	0.4928	20177854	73.2512
Total	20293	100.0000	27546095	100.0000

Shareholding Pattern as on 31st December, 2011

	Category	No. of Shares	%
A. Shareholding of Promoter & Promoter Group			
1	Indian	12467325	45.2599
2	Foreign	0	0.00
	Sub Total (1)	12467325	45.2599
B. Public Shareholding			
1	Institutions:		
	a.) Mutual Funds / UTI	1150	0.0042
	b.) Financial Institutions / Banks	6550	0.0238
	c.) Foreign Institutional Investors	2000	0.0073
	Sub Total (2)	9700	0.0352
2	Non-Institutions		
	a.) Bodies Corporate	5433017	19.7234
	b.) Individuals	8916764	32.3704
	c.) Clearing Members	323413	1.1741
	d.) NRI / NRN	394276	1.4314
	e.) OCB	1500	0.0054
	f.) Trusts	100	0.0004
	Sub Total (3)	15069070	54.7049
	GRAND TOTAL [(1)+(2)+(3)]	27546095	100.00

Dematerialization of shares:

As of 31st December, 2011 the Company had processed the Dematerialization Request Forms for 20117880 shares representing 73.03% of the total number of shares issued by the Company.

The Company has not issued any GDRs / ADRs.

Convertible Securities outstanding at the end of the financial year: Nil

Address for correspondence:

Shareholder's correspondence may be addressed to, Link Intime India Pvt. Limited, Block No. 202, 2nd Floor, Akshay Complex, Off. Dhole Patil Road, Pune 411 001. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository participants.

Declaration by the Managing Director under Clause 49(1D)

"Pursuant to Clause 49(1D) of the Listing Agreement with the Stock Exchanges, I hereby declare that all Board Members and Senior Management Personnel of the Company have affirmed Compliance with the respective provisions of the Code of Conduct of the Company for the year ended 31st December 2011."

By Order of the Board of Directors

Sulajja Firodia Motwani
Director

Pune : February 29, 2012

KINETIC MOTOR COMPANY LTD.

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Shareholders of Kinetic Motor Company Limited,

We have examined the compliance of conditions of Corporate Governance by Kinetic Motor Company Limited for the year ended on 31st December, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency nor the effectiveness with which the management has conducted the affairs of the Company.

For Lakhani & Co.
Chartered Accountants
Firm Regn No.:105524W

Parag Modi
Partner
M.No.114105

Pune : February 29, 2012

Auditor's Report to the Members of KINETIC MOTOR COMPANY LIMITED

1. We have audited the attached Balance Sheet of KINETIC MOTOR COMPANY LIMITED (the 'Company') as at 31st December 2011, the Profit and Loss Account and also the Cash Flow Statement for the fifteen months period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956 (the 'act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We draw attention to Note 20 - Schedule 13 regarding certain transactions of purchase of components which require approval of the Central Government under Section 297 of the companies Act, 1956.
5. We draw attention to Note 19 - Schedule 13 regarding the appropriateness of the going concern basis used for the preparation of these financial statements, as the validity of the going concern basis depends upon undertaking the new business and the financial support from the promoters of the Company. Based on the undertaking of the new business subsequent to the period end and financial support from promoters, these financial statements have been prepared on a going concern basis.
6. We draw attention to Note 23 - Schedule 13 regarding the resolution passed by the board of directors in respect of proposed scheme of amalgamation of the Company with the Kinetic Engineering Limited w.e.f the appointed date being 1st January, 2012, subject to the sanction by the High Court.
7. Further to our comments in the paragraphs 4, 5 & 6 and Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

KINETIC MOTOR COMPANY LTD.

(e) On the basis of written representations received from the directors, as on 31st December 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December 2011 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon and attached thereto give the

information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st December 2011;

(ii) in the case of the Profit and Loss Account, of the Profit of the Company for the period ended on that date; and

(iii) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For Lakhani & Co.
Chartered Accountants
Firm Regn No.:105524W

(Parag Modi)
Partner

Pune : February 29, 2012

M.No.114105

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date to the members of **KINETIC MOTOR COMPANY LIMITED** on the financial statements for the fifteen months period ended 31st December, 2011)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, all the fixed assets have been physically verified, at regular intervals by the management during the period, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has disposed off substantial part of its Fixed Asset during the period. However, as per the information and explanations provided to us, the Company is exploring the avenues for undertaking new business and after considering the financial support from the promoters of the Company, in our opinion the risk of going concern is mitigated.
- (ii) (a) As per the information furnished, the inventories have been physically verified during the period by the management. In our opinion, having regard to the nature and location of inventory, the frequency of verification is reasonable. However, there is no inventory at the end of the period.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained proper records of inventory. In our opinion the discrepancies noticed on verification of physical stocks and the book records were not material and have been properly dealt with the books of account.
- (iii) (a) According to information and explanation given to us, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in register maintained under Section 301 of Companies Act, 1956. Accordingly, Sub-Clauses (b), (c) and (d) are not applicable
- (b) The Company has taken interest free unsecured loans during the period from two companies covered in register maintained under section 301 of Companies Act, 1956. The Maximum amount outstanding during the period was ₹. 2459.77 lakhs and the period end balance was ₹. 2416.77 Lakhs.
- (c) In our opinion, the other terms and conditions in respect of interest free unsecured loans taken by the Company from parties (referred to in (e) above) is not prima-facie prejudicial to the interest of the Company.
- (d) In respect of the aforesaid loans taken, there are no stipulations as regards repayment of loans.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of fixed assets and inventory. In respect of sale of goods, the internal control is generally adequate. During the course of our audit no major weaknesses has been noticed in internal control system.
- (v) (a) On the basis of audit procedures performed by us and according to the information and explanations given to us, we are of the opinion that the contracts and arrangements that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered in the register.
- (b) In our opinion and according to explanations given to us, the

KINETIC MOTOR COMPANY LTD.

transactions i.e. purchases made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made in pursuance of contracts or arrangements entered in register maintained under section 301 of Companies Act, 1956. Most of items purchased are of special nature and alternative quotations are not available and hence we are unable to comment whether these were at the market prices then prevailing.

- (vi) The company has not accepted any deposits from public to which the provisions of sections 58A, 58AA, or any other provisions of the companies Act, 1956 and the companies (Acceptance of Deposits) Rules, 1975 apply.
- (vii) The Company has an internal audit system, which is commensurate with the size and nature of its business have formal internal audit system.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 with regard to the nature of the business/activity of the Company.
- (ix) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is not regular in depositing the undisputed statutory dues including protection fund, state value added tax & Service tax and Tax Deducted at Source (TDS), wherein the periods of delays ranged from 1 days to 275 days . However the Company is generally regular in depositing the undisputed statutory dues including investor education and protection fund, employee's state insurance, income tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities.

Based on our audit procedure and according to

the information and explanations given to us, undisputed dues payable in respect of provident fund (Company's contribution amounting to ₹. 732,600/-, Employees' provident fund amounting to ₹. 732,600/-) and Tax Deducted at Source amounting to ₹. 583,571/- were in arrears, as at 31st December, 2011 for the period more than six months from the date they became payable. However there are no undisputed dues payable in respect of employee's state insurance, income tax, state value added tax, service tax, customs duty, excise duty and cess which are in arrears for a period of more than six months from the date they become payable.

- b) According to the information and explanations given to us, there are no dues other than below in respect of income tax, wealth tax, service tax, state value added tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

Nature of the dues	Amounts involved (dues to the extent not deposited) (Rs. In lakhs.)	Forum where dispute is pending
Central Sales Tax (Assessment years 1994-1995, 1999-2000, 2000-2001)	39.74	Appellate Deputy Commissioner, Commercial Tax, Indore
Central Sales Tax (Assessment years 2001-2002)	20.57	Madhya Pradesh Commercial Tax Tribunal, Bhopal
Central Sales Tax (Assessment years 1998-1999)	5.34	Madhya Pradesh Commercial Tax Tribunal, Bhopal
Central Sales Tax (Assessment years 2002-2003)	13.52	Appellate Deputy Commissioner, Commercial Tax, Indore
Central Sales Tax (Assessment years 2003-2004)	27.70	Appellate Deputy Commissioner, Commercial Tax, Indore
Central Sales Tax (Assessment years 2008-2009)	0.89	Appellate Deputy Commissioner, Commercial Tax, Indore
Sales Tax Kolkatta (Assessment years 2001-2002)	0.60	Sales Tax Tribunal, Kolkatta
Sales Tax Behrampur (Assessment years 1999-2000, 2000-2001, 2001-2002)	4.50	Special Additional Commissioner Commercial Tax, Behrampur
Entry Tax (Assessment years 1994-1995, 1995-1996)	0.64	Deputy Commissioner Commercial Tax, Indore
Entry Tax (Assessment years 2007-08)	7.77	Appellate Deputy Commissioner, Commercial Tax, Indore
Madhya Pradesh Commercial Tax (Assessment years 1998-1999)	1.88	Madhya Pradesh Commercial Tax Tribunal, Bhopal
Madhya Pradesh Commercial Tax (Assessment years 1999-2000)	0.78	Appellate Deputy Commissioner, Commercial Tax, Indore
Madhya Pradesh Commercial Tax (Assessment years 2007-08, 2008-09)	13.34	Appellate Deputy Commissioner, Commercial Tax, Indore
Excise Duty 2000 to 2003	50.47	Supreme Court
Excise Duty 1987 to 1991	42.10	High Court Madhya Pradesh - Indore Branch
Excise Duty 1995	8.04	High Court Madhya Pradesh - Indore Branch
Excise Duty 1986 to 1988	10.18	Commissioner Appellate Tribunal, Delhi
Excise Duty 2004 to 2007	156.19	Commissioner Appellate Tribunal

- (x) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the accumulated losses of the company exceeds fifty percent of its net worth. Further, the Company has incurred cash losses in the current financial period and in the immediately preceding financial year.
- (xi) In accordance with the terms of Debentures issued and based on the information and explanations given by the management, we are of the opinion that the company had not defaulted in the repayment of dues debentures holder. Further, the Company has no loans from the Banks and financial institution.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- (xiii) The Company is not a chit fund, nidhi or mutual fund or a society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing in securities and that timely entries have been made therein. Based on the information and explanations given by the management, all securities have been held by the company in its own name.
- (xv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly clause 4(xv) of the Order is not applicable.
- (xvi) There were no term loans taken during the period.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, no funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the company has made preferential allotment of shares to a company covered in the register maintained under section 301 of the Act and the price at which the shares have been issued is prima facie not prejudicial to the interest of the Company.
- (xix) The Company has not created a pledge on 90,00,000 Equity shares of Mahindra Two Wheeler Limited which was required as per debenture subscription Agreement dated 12th July 2011 with Debenture holders in respect of 90,000 non convertible debentures issued during the period.
- (xx) The company has not raised any money by public issue during the period. Accordingly clause 4(xx) of the Order is not applicable.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

For Lakhani & Co.
Chartered Accountants
Firm Regn No.:105524W

Parag Modi
Partner

Pune : February 29, 2012

M.No.114105

KINETIC MOTOR COMPANY LTD.

BALANCE SHEET AS ON 31ST DEC., 2011

	Schedule	₹. in Lacs	As at 31st Dec., 2011 ₹. in Lacs	As at 30th Sep., 2010 ₹. in Lacs
I. SOURCES OF FUNDS				
1. Shareholders' Funds				
(a) Share Capital	1	8,340		7469.65
(b) Share Application Money Pending Allotment		1,300		4811.18
(c) Reserves & Surplus	2	4,971	14610.84	12,281
3. Loan Funds				
(b) Unsecured Loans	3	3316.78	3316.78	2459.78
4. Deferred tax balance				
(a) Deferred Tax Liability		30.45		24.43
(b) Less : Deferred Tax Asset		30.45		24.43
			-	-
		Total	17927.62	14740.61
II. APPLICATION OF FUNDS				
1. Fixed Assets				
(a) Gross Block		901.24		4018.83
(b) Less : Depreciation / Amortisation		565.26		3138.95
(c) Net Block	4		335.98	879.88
2. Investments				
	5		6129.00	2959.00
3. Current Assets, Loans & Advances				
(a) Inventories		0.00		5.97
(b) Sundry Debtors		13.21		24.15
(c) Other Receivables		44.54		109.54
(d) Cash and Bank Balances		17.68		97.59
(e) Loans & Advances		218.53		256.72
		293.96		493.97
Less : Current Liabilities & Provisions				
(a) Current Liabilities	7	887.10		1776.97
(b) Provisions		17.76		36.98
		904.86		1813.95
Net Current Assets			(610.90)	(1319.98)
4. Debit balance in Profit & Loss Account				
			12073.54	12221.71
		Total	17927.62	14740.61
Notes to the Accounts	14			

As per our report attached
For Lakhani & Co
Chartered Accountants
Firm Registration no :105524W

A.H. FIRODIA
SULAJJA FIRODIA MOTWANI
DINESH MUNOT
S.R. KOTECHA

Chairman
Director
Director
Director

Parag Modi
Partner
Mem No: 114105

Pune : 29th February, 2012

PROFIT AND LOSS ACCOUNT FOR THE FIFTEEN MONTHS PERIOD ENDED ON 31st DEC. 2011

	Schedule	₹. in Lacs	15 months period ended 31st Dec., 2011 ₹. in Lacs	12 months period ended 30th Sep., 2010 ₹. in Lacs
INCOME				
Sales - Gross		4.76		48
Less : Excise Duty		-		2.47
Sales - Net		4.76		45.58
Other Income	8	564		714
			569.02	759.79
EXPENDITURE				
Materials	9	4.15		60.54
Other Expenses	10	249.94		1,025.45
Depreciation / Amortisation		164.16		149.40
Interest & Financial Charges	11	12.19		14.13
			430.44	1,249.52
Profit / (Loss) before Extra Ordinary & Prior Period Items			138.58	(489.73)
Add / (Less) : Extra Ordinary Items	12		47.49	(143.95)
Add / (Less) : Prior Period Items			(37.66)	(28.24)
Profit / (Loss) for the year / period before Tax			148.41	(605.44)
Add / (Less) : Provision for Taxation			-	-
Add / (Less) : (Short) / Excess Provision for earlier year			(0.24)	-
Net Profit / (Loss)			148.17	(605.44)
Profit/(Loss) brought forward from previous period			(15,905.70)	(15,300.26)
			(15,757.53)	(15,905.70)
Less : Deducted from Uncommitted Reserves per contra			3,683.99	3,683.99
Balance Profit/(Loss) carried to Balance Sheet			(12,073.54)	(12,221.71)
Basic Earning per Equity Share (Nominal Value per Share ₹. 10)				
- Before extraordinary items			0.37	(1.94)
- After extraordinary items			0.54	(2.55)
Diluted Earning per Equity Share (Nominal Value per Share ₹. 10)				
- Before extraordinary items			0.34	(1.68)
- After extraordinary items			0.50	(2.20)
Notes to the Accounts	13			

As per our report attached
For Lakhani & Co
 Chartered Accountants
 Firm Registration no :105524W

A.H. FIRODIA
SULAJJA FIRODIA MOTWANI
DINESH MUNOT
S.R. KOTECHA

Chairman
Director
Director
Director

Parag Modi
 Partner
 Mem No: 114105

Pune : 29th February, 2012

KINETIC MOTOR COMPANY LTD.

CASH FLOW STATEMENT FOR THE 15 MONTHS PERIOD ENDED 31ST DECEMBER, 2011

	15 months period ended 31st Dec, 2011	12 months period ended 30th Sept, 2010
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) before Tax	14,841,626	(60,543,965)
Adjustment for non-cash item/items required to be disclosed separately:		
Add : Depreciation	16,416,220	14,939,526
Depreciation Excess Provided		
Earlier Year Written Back		
Interest Expense	699,170	1,413,794
Provision for Doubtful Debtors	-	(116,320,239)
Diminution in value of Assets	2,447,517	33,094,136
(Profit)/Loss on sale of Assets	(5,093,006)	(3,910,923)
Provision written Back	(4,237,233)	(500,000)
Bal of Vendor write back	(7,196,938)	(11,891,476)
Interest Income	(818,869)	(67,595)
	<u>2,216,861</u>	<u>(90,051,173)</u>
Operating Profit / (Loss) before changes in Working Capital	17,058,487	(150,595,138)
Adjustment for changes in Working Capital and Provisions:		
Trade Receivables	5,129,364	154,431,059
Loans and Advances	7,190,658	4,942,356
Inventories	597,469	6,053,576
Current Liabilities	(41,171,586)	(42,380,454)
Provisions	(1,922,273)	239,881
	<u>(30,176,368)</u>	<u>123,286,418</u>
Cash generated from Operations	(13,117,881)	(27,308,720)
Taxes paid	(3,103,331)	
	<u>(3,103,331)</u>	<u>(84,126)</u>
Net Cash from Operating Activities	(10,014,550)	(27,224,593)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Assets :		
Sale	-	23,000,000
Investments:		
Purchase of MTWL Shares	(317,000,000)	-
Interest received	818,869	67,595
Net cash used in Investing Activity	<u>(316,181,131)</u>	<u>23,067,595</u>
Total c/f	<u>(326,195,681)</u>	<u>(4,156,998)</u>

CASH FLOW STATEMENT FOR THE 15 MONTHS PERIOD ENDED 31ST DECEMBER, 2011

	Total b/f	15 months period ended 31st Dec, 2011	12 months period ended 30th Sept, 2010
		(326,195,681)	(4,156,998)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Inter Corporate Deposit Repaid	(4,299,980)		12,480,000
Inter Corporate Deposit Received	-		-
Issue of Non Convertible Debentures	90,000,000		-
Increase in Redeemable Preference Shares	103,000,000		-
Increase in Share application Money	129,999,980		-
Interest paid	(699,170)		(1,413,794)
Dividend paid	-		(1,174,416)
Net cash generated from Financing Activities		318,000,830	9,891,790
D) NET INCREASE/DECREASE(-) IN CASH AND CASH EQUIVALENTS (A+B+C)		<u>(8,194,851)</u>	<u>5,734,792</u>
Cash and cash equivalents (Opening balance)		10,266,267	4,531,475
Cash and cash equivalents (Closing balance)		2,071,416	10,266,267

Notes :

1. Figures in brackets represent outflows of cash and cash equivalents.
2. Cash and cash equivalents comprises of :

	As at 31st. Dec. 2011	As at 30th Sept. 2010	As at 30th Sept. 2009
Cash on hand	12,673	16,405	55,141
Balance with Scheduled Bank on Current Accounts			
Current Accounts	1,998,743	10,214,862	4,441,334
Deposits Accounts	60,000	35,000	35,000
	<u>2,071,416</u>	<u>10,266,267</u>	<u>4,531,475</u>

As per our report attached
For Lakhani & Co
 Chartered Accountants
 Firm Registration no :105524W

A.H. FIRODIA
SULAJJA FIRODIA MOTWANI
DINESH MUNOT
S.R. KOTECHA

Chairman
Director
Director
Director

Parag Modi
 Partner
 Mem No: 114105
 Pune : 29th February, 2012

KINETIC MOTOR COMPANY LTD.

	As at 31st Dec., 2011 ₹. in Lacs	As at 30th Sep, 2010 ₹. in Lacs
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
3,36,53,730 (Previous period 3,01,53,730) Equity Shares of ₹.10/- each	3,365.37	3,015.37
5,30,000 (Previous period 5,30,000) Convertible Cumulative Preference Shares of ₹. 65/- each	344.50	344.50
30,85,500 (Previous period 30,85,500) Optionally Convertible Cumulative Preference Shares of ₹. 65/- each	2,005.58	2,005.58
18,53,650 (Previous period 18,53,650) 8.5% New Optionally Convertible Cumulative Preference Shares of ₹. 65/- each	1,204.87	1,204.87
7,70,000 (Previous period 7,70,000) Redeemable Cumulative Preference Shares of ₹. 65/- each	500.50	500.50
Nil (Previous period 8,71,800) 6% Compulsorily Convertible Cumulative Preference Shares of ₹. 39/- each	-	340.00
5,00,000 (previous Period 5,00,000) Redeemable Cumulative Preference Shares of Rs 100/- each	500.00	500.00
Nil (Previous period 56,00,000) Optionally Convertible Cumulative Preference Shares of ₹. 14.20 each	-	795.20
59,09,090 (Previous period Nil) 8.5% Optionally Convertible cumulative Preference Share Capital	1,300.00	-
10,30,0000 (Previously Nil) Redeemable Preference Shares of ₹. 10/- each	1,030.00	649.98
Unclassified Preference Share Capital		
	10,250.82	9,356.00
Issued, Subscribed and Paid- up		
2,75,46,095 (Previous period 2,37,46,095) Equity Shares of ₹. 10/- each fully paid up (Refer note 1 below)	2,754.61	2,374.61
5,30,000 (Previous period 5,30,000) Convertible Cumulative Preference Shares of ₹. 65/- each fully paid up (Refer note 2 & 3 below)	344.50	344.50
30,85,500 (Previous period 30,85,500) Optionally Convertible Cumulative Preference Shares of ₹. 65/- each fully paid up (Refer note 2 & 3 below)	2,005.57	2,005.57
18,53,650 (Previous period 18,53,650) 8.5% New Optionally Convertible Cumulative Preference Shares of ₹. 65/- each fully paid up (Refer note 3 below)	1,204.87	1,204.87
7,70,000 (Previous period 7,70,000) Redeemable Cumulative Preference Shares of ₹.65/- each fully paid up (Refer note 2 & 4 below)	500.50	500.50
5,00,000 (Previous period 5,00,000) Redeemable Cumulative Preference Shares of ₹.100/- each (Refer note 5 below)	500.00	500.00
Nil (Previous period 38,00,000) Optionally Convertible Cumulative Preference Shares of ₹.14.20 each	-	539.60
10,30,0000 (Previously Nil) Redeemable Preference Shares of ₹. 10/- each	1,030.00	
	8,340.05	7,469.65

Notes :

- 1 Of the 2,75,46,095 Equity Shares above, 10,00,000 equity shares of ₹.10/- each at a premium of ₹. 55/- per share have been issued on conversion of 10,00,000 Convertible Cumulative Preference Share of ₹. 65/- each which were allotted as fully paid up towards discharge of part consideration of transfer of SUPA Undertaking/Business
- 2 5,30,000 Convertible Cumulative Preference Shares of ₹. 65/- each, 23,15,500 out of 30,85,500 Optionally Convertible Cumulative Preference Shares of ₹. 65/- each and 7,70,000 Redeemable Cumulative Preference Shares of ₹. 65/- each were allotted as fully paid-up towards discharge of part consideration of transfer of SUPA Undertaking/ Business.
- 3 5,30,000 Convertible Cumulative Preference Shares of ₹. 65/- each, 30,85,500 Optionally Convertible Cumulative Preference Shares of ₹. 65/- each and 18,53,650 8.5% New Optionally Convertible Cumulative Preference Shares of ₹. 65/- each were not opted to be converted, and are accordingly Redeemable at par, at the option of the Company, at any time after 31st August 2009. These Preference Shares are entitled to a fixed dividend @ 8.50% p.a., due and payable on the date of redemption, or such other dates as may be acceptable to the allottees.
- 4 7.70,000 Redeemable Cumulative Preference Shares of ₹. 65 each are redeemable at the option of the company at any time after 31.08.2009
- 5 5,00,000 Redeemable Cumulative Preference Shares of ₹. 100/- each were allotted as fully paid-up, in discharge of part consideration for the licensing of brand "Kinetic" by Kinetic Engineering Ltd . These were Redeemable on 15th March 2010, and are entitled to a fixed dividend @ 8.50% p.a. payable on redemption, or at any date thereafter as may be acceptable to the allottees.
- 6 During the year 8,71,795 6% Compulsorily convertible Cumulative Preference Shares of ₹. 39 each, were converted into 8,71,795 equity shares of ₹. 10 each at a premium of ₹. 29 per share.
- 7 During the year 18,00,000 Optionally Convertible Cumulative Preference Shares of ₹. 14.20 each, were converted into 18,00,000 Equity Shares of ₹. 10 each at a premium of ₹. 4.20 per share.
- 8 Arrears of fixed cumulative dividend ₹. 1103.90 lacs (Previous period ₹. 703.86 lacs).

KINETIC MOTOR COMPANY LTD.

		As at 31st Dec., 2011 ₹. in Lacs	As at 30th Sep, 2010 ₹. in Lacs
SCHEDULE - 2			
RESERVES & SURPLUS			
1. Capital Reserve			
Investment Subsidy		122.50	122.50
2. Investment Allowance (Utilised) Reserve			
As per last balance sheet	268.99		268.99
Less : Profit & Loss Account Debit Balance deducted per contra	(268.99)		(268.99)
3. Securities Premium Account		-	-
As per last balance sheet	4688.69		4360.26
Add : On shares issued during the period	159.60		328.42
		4848.29	4688.68
4. General Reserve			
As per last balance sheet	3,415.00		3415.00
Less : Profit & Loss Account Debit Balance deducted per Contra	(3415.00)		(3415.00)
		-	-
	Total	4970.79	4811.18
SCHEDULE - 3			
LOAN FUNDS			
I UNSECURED LOANS			
 Debentures (Refer Note No. 24 of Schedule '13')			
90000 (previously Nil) Non Convertible Debentures of ₹. 1000/- each		900.00	-
From Body Corporates		2,416.78	2,459.78
	Total	3,316.78	2,459.78

SCHEDULE - 4 FIXED ASSETS		Tangible Assets										Intangible Assets **			Previous Period		
		Leasehold Land	Building	Plant and Machinery	Furniture and Fittings	Aircraft #	Goodwill	Technical Know - How	Brand Licence	Total	(₹. in lacs)						
Gross Block :																	
As at 30th Sept., 2010	94.72	32.61	2,304.88	107.76	64.40	359.66	434.79	620.00	4,018.83					4,018.83		5,479.83	
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	127.70	
Deductions	-	-	2,298.65	-	-	359.66	434.79	-	3,093.11							1,257.77	
Impairment of Assets	-	-	-	-	24.48	-	-	-	24.48							330.94	
As at 31st Dec., 2011	94.72	32.61	6.23	107.76	39.92	-	-	620.00	901.24	-	-	-	620.00	901.24	4,018.83		
Depreciation/ Amortisation :																	
Upto 30th Sep. 2010	2.78	11.21	1,964.60	105.73	35.42	359.66	413.58	245.96	3,138.95							3,708.19	
For the period	1.36	0.89	0.37	2.03	4.51	-	-	155.00	164.16							149.40	
Deductions	-	-	1,964.60	-	-	359.66	413.58	-	2,737.85							718.64	
Upto 31st Dec. 2011	4.14	12.10	0.37	107.76	39.92	-	-	400.96	565.26	-	-	-	400.96	565.26	3,138.95		
Net Block :																	
As at 31st Dec., 2011	90.58	20.51	5.86	-	-	-	-	219.04	335.98							879.88	
As at 30th Sept., 2010	91.94	21.40	340.28	2.03	28.98	-	21.21	374.04	879.88							1,771.65	

Company's ownership share in the Aircraft is 25%.

** Other than internally generated.

KINETIC MOTOR COMPANY LTD.

SCHEDULE - 5	₹. in Lacs	As at 31st Dec., 2011 ₹. in Lacs	As at 30th Sep, 2010 ₹. in Lacs
INVESTMENTS (Long term)			
Unquoted :			
Trade :			
90,000 (Previous period 90,000) Equity Shares of ₹.10/- each fully paid in Kinetic Marketing & Services Limited		9.00	9.00
61,200,000 (Previous Period 29,500,000) Equity Shares of ₹.10/- each fully paid in Mahindra Two Wheelers Ltd. (Refer Note No. 24 of Schedule '13')		6120.00	2,950.00
Listed but not Quoted :			
Trade :			
4,33,333 (Previous period 4,33,333) Equity Shares of ₹.10/- each fully paid in Athena Financial Services Limited (formerly Kinetic Finance Ltd.)*	130.60		130.60
market value ₹.Nil (Previous period ₹.Nil)			
Less : Provision for Diminution in value of Investment	(130.60)		130.60
	Total	6129.00	2959.00
SCHEDULE - 6			
CURRENT ASSETS, LOANS AND ADVANCES			
I. Current Assets			
(a) Inventories (as valued and verified by the management)			
Finished Goods			
- Two Wheelers	0.00		5.97
(b) Sundry Debtors (Unsecured)			
i) Debts outstanding for a period exceeding six months			
Considered good	0.58		6.92
Considered doubtful	0.00		40.35
	0.58		47.27
ii) Other Debts - Considered good	12.63		17.23
	13.21		64.50
Less : Provision for doubtful debts	0.00		40.35
		13.21	24.15
(c) Other Receivables			
		44.54	109.54
	Total c/f	57.75	133.69

	₹. in Lacs	As at 31st Dec., 2011 ₹. in Lacs	As at 30th Sep, 2010 ₹. in Lacs
CURRENT ASSETS, LOANS AND ADVANCES (contd.)			
	Total b/f	57.75	133.69
(d) Cash and Bank Balances			
Cash on hand	0.13		0.16
With scheduled banks in :			
- Current Accounts	19.99		102.15
- Deposit Accounts *	0.60		0.35
	<u>20.72</u>		<u>102.66</u>
Less : Provision for Doubtful Assets	3.05		5.07
		17.67	97.59
* Pledged with government authorities			
II. Loans and Advances :			
(Unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
- Considered good	103.74		113.90
- Considered doubtful	10.43		10.01
	<u>114.17</u>		<u>123.90</u>
Less : Provision for Doubtful Advances	10.43		10.01
	<u>103.74</u>		<u>113.89</u>
Balance with Excise Authorities	30.99		27.75
Payment of taxes less provisions (Current tax)	83.80		115.08
		<u>218.53</u>	<u>256.72</u>
	Total	<u>293.95</u>	<u>488.00</u>
SCHEDULE - 7			
CURRENT LIABILITIES AND PROVISIONS			
I. Current Liabilities			
(a) Acceptances		0.03	0.03
(b) Sundry Creditors*		816.17	986.79
(c) Unclaimed Dividend		0.02	0.02
II. Other Liabilities :		-	
(a) Advance against Sales etc.		70.88	333.94
(b) Advance Against Sale of Assets		-	456.19
		<u>887.10</u>	<u>1776.97</u>
III. Provisions			
Leave Encashment		6.15	6.45
Gratuity		8.11	27.03
Fringe Benefit Tax		3.50	3.50
		<u>17.76</u>	<u>36.98</u>
* including total outstanding dues of small scale industrial undertakings ₹.257.76 Lacs (Previous period ₹.11.45 Lacs)			
	Total	<u>904.86</u>	<u>1813.95</u>

KINETIC MOTOR COMPANY LTD.

	15 Months Period ended 31st Dec. 2011 ₹. in Lacs	12 Months Period ended 30th Sep., 2010 ₹. in Lacs
SCHEDULE - 8		
OTHER INCOME		
Interest on Intercompany Deposits, on income tax refunds, on bank deposits, receivables etc. (Gross)	8.19	0.68
Profit / (Loss) on Sale of Assets (Net)	50.93	372.19
Excess Provisions Written Back	2.02	5.00
Sundry Balances Written Back	432.17	283.14
Other Sales	-	2.05
Miscellaneous Receipts	70.95	51.15
Total	564.26	714.21
SCHEDULE - 9		
MATERIALS		
Stock at Commencement		
Finished Goods		
- Two Wheelers	5.97	27.36
- Spares for Sales	-	39.15
	5.97	66.51
Less : Inventory Written off	2.94	3.04
Purchases of Finished Goods for resale	1.11	-
Consumables		0.01
	4.15	66.5
Less : Closing Stock		
Finished Goods		
- Two Wheelers	-	5.97
Total	4.15	60.55

	15 Months Period ended 31st Dec. 2011 ₹. in Lacs	12 Months Period ended 30th Sep., 2010 ₹. in Lacs
SCHEDULE - 10		
OTHER EXPENSES		
Power & Fuel	0.67	1.51
Repairs & Maintenance		
Plant & Machinery		
Others	0.19	0.59
Payments to & Provisions for employees		
Salary, Wages & Bonus	77.68	97.45
Contribution to Provident Fund and Other Funds & Schemes	0.42	17.70
Staff Welfare Expenses	0.85	1.30
	78.95	116.45
Rent (Net of recoveries)	-	0.18
Rates & Taxes	6.19	3.67
Excise Duty on Increase / (Decrease) in Finished Goods stocks	-	(0.64)
Insurance (Net of recoveries)	1.54	3.19
Free Service Charges and Warranty Expenses (Net of recoveries)	2.59	35.08
Advertisement & Sales Promotion	9.03	2.93
Packing & Forwarding (Net of recoveries)	-	0.28
Travelling & Conveyance	5.57	10.27
Legal & Professional Fees	74.64	33.85
Provision for doubtful debts / Assets	-	46.74
Misc Expenses	67.62	49.60
Bad Debts	0.00	1,521.49
Less : Provision For Doubtful Debts Written Back	0.00	(1,163.20)
Loss on Sale of Fixed Assets	-	363.48
Inventory Written Off	2.94	-
	Total	Total
	249.94	1025.46
SCHEDULE - 11		
INTEREST AND FINANCIAL CHARGES		
Interest		
Others	6.99	11.51
Amortisation of discount on issue of debentures	-	-
Bank charges and other financial charges	5.20	2.63
	Total	Total
	12.19	14.14

KINETIC MOTOR COMPANY LTD.

15 Months Period ended 31st Dec. 2011	12 Months Period ended 30th Sep., 2010
Rupees	Rupees
(24.48)	(330.94)
71.97	118.91
-	68.08
47.49	(143.95)

SCHEDULE - 12

EXTRA ORDINARY ITEMS

- Impairment In The Value Of Assets
- Balances written back on settlement with Lenders / Vendors
- Depreciation Excess Provided Earlier Year Written Back

Total

SCHEDULE - 13**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2011****1. SIGNIFICANT ACCOUNTING POLICIES****A) Fixed Assets and Depreciation/Amortisation :**

- i) Fixed Assets are stated at cost of acquisition or construction less depreciation/amortisation. Cost comprises the purchase price and other attributable costs.
- ii) Depreciation on fixed assets :
 - a) Depreciation on tangible fixed assets is provided on the straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. except in respect of following assets where the rates are higher:
 - Certain Dies, Moulds, Jigs & Fixtures - 15% to 50%
 - Certain Plant & Machinery - 10%
 - b) Leasehold land is amortised over the period of the lease.
- iii) Goodwill and Technical knowhow (intangible assets) are amortised on a straight line basis over a period of 5 years.

B) Inventories :

Inventories are stated at the lower of cost and net realisable value. In determining the cost of inventories the annual weighted average method is used in respect of "raw materials and components" and first-in-first-out (FIFO) method in respect of "stores and spares". Cost of work-in-progress and manufactured finished goods include material cost, labour and manufacturing overheads on the basis of full absorption costing.

C) Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Current assets and current liabilities outstanding at the period end are translated at period end exchange rates and the profit / loss so determined and also the realised exchange gains / losses are recognised in the profit and loss account.

D) Employee Benefits :

Employee benefits includes gratuity, superannuation and provident fund and leave encashment benefits under the approved schemes of the Company. In respect of defined contribution plans, the contribution payable for the year is charged to the Profit and Loss Account.

In respect of defined benefit plans and other long term employee benefits, the employee benefit cost is accounted for based on an actuarial valuation as at the Balance Sheet date.

E) Borrowing Cost :

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

KINETIC MOTOR COMPANY LTD.

F) Taxes on Income :

Tax expenses for the year is included in the determination of the net profit for the year.

Deferred tax is recognised on all timing differences, subject to consideration of prudence in respect of deferred tax assets.

G) Miscellaneous Expenditure (to the extent not written off / adjusted) :

Discount on issue of debentures are amortised over the period of debentures.

2. CONTINGENT LIABILITIES :

- i) Income Tax matters under appeal ₹. **58.01** lacs (Previous period ₹.112.42 Lacs)
- ii) Sales Tax disputed by the Company ₹. **93.83** lacs (Previous period ₹. 96.16 lacs)
- iii) Entry Tax disputed by the Company ₹. **10.13** lacs (Previous period ₹.17.14 lacs)
- iv) Excise Duty claims in dispute ₹. **266.99** lacs (Previous period ₹. 55.14 lacs)
- v) Labour matters ₹. **45.07** lacs (Previous period ₹. 45.07 lacs)
- vi) Other Compensation matters ₹. **20.00** lacs (Previous period ₹. Nil)

3. Details of Capacity and Production :

Class of Goods	Licenced Capacity		Installed Capacity		Production	
	Current Period Nos.	Previous Period Nos.	Current Period Nos.	Previous Period Nos.	Current Period Nos.	Previous Period Nos.
Scooters, Motorcycles and Mopeds	Nil	1,00,000	Nil	60,000	Nil	Nil
	p.a.	p.a.	(Two Wheelers	(Two Wheelers	(Two Wheelers	(Two Wheelers

- i) The licenced capacity disclosed is as per the capacity indicated in the prescribed memoranda filed with the Department of Industrial Development (Secretariat of Industrial Approvals) in terms of notification no.477(E) dated July 25, 1991.
- ii) Installed capacity is as certified by the management and relied on by the auditors as this is a technical matter.
- iii) The entire Manufacturing facility of the company has been sold after 30.09.2010.

4. Particulars in respect of Opening Stock, Purchases, Sales, Closing Stock of each class of goods dealt with by the Company :

Class of Goods	Opening Stock			
	Current Period		Previous Period	
	Qty. Nos.	Value ₹. in Lacs	Qty. Nos.	Value ₹. in Lacs
Two Wheelers : Scooters, Motorcycles & Mopeds				
Manufactured	65	5.97	165	36.47
Traded	-	-	-	-
	65	5.97	165	36.47
Spare Parts and others	*	Nil	*	52.21
	65	5.97	165	88.68

Class of Goods	Purchases				Sales			
	Current Period		Previous Period		Current Period		Previous Period	
	Qty. Nos.	Value ₹. in Lacs	Qty. Nos.	Value ₹. in Lacs	Qty. Nos.	Value ₹. in Lacs	Qty. Nos.	Value ₹. in Lacs
Two Wheelers : Scooters, Motorcycles & Mopeds								
Manufactured	Nil	Nil	Nil	Nil	27	3.04	100	17.12
Traded **	5	1.11	Nil	Nil	5	1.72	Nil	Nil
	5	1.11	Nil	Nil	32	4.76	100	17.12
Spare Parts and others	*		*	-	*		*	-
DEPB Licenses						-		0.00
	5	1.11	Nil	Nil	32	4.76	100	17.12

Class of Goods	Closing Stock			
	Current Period		Previous Period	
	Qty. Nos.	Value ₹. in Lacs	Qty. Nos.	Value ₹. in Lacs
Manufactured	Nil	Nil	65	5.97
Traded	Nil	Nil	-	-
	Nil	Nil	65	5.97
Spare Parts and others	*	Nil	*	-
DEPB Licenses				
	NIL	NIL	65	5.97

*i) It is not practicable to furnish quantitative information in view of considerable number of items diverse in size and nature.

KINETIC MOTOR COMPANY LTD.

5. Raw Materials and components consumed :

	Current Period		Previous Period	
	Qty.	Value ₹. in Lacs	Qty.	Value ₹. in Lacs
Other raw materials and Components	*	NIL	*	NIL
		NIL		NIL

6. a) Managerial Remuneration paid/payable :

	Current Period ₹. in Lacs	Previous Period ₹. in Lacs
Salary & Allowances	66.75	53.40
Contribution to Provident Fund, Superannuation Scheme and Gratuity Scheme	14.78	11.83
Perquisites	1.69	5.07
	83.22	70.30

Note : 1) The provision for leave encashment is not included above as the same is provided for on an actuarial basis for the Company as a whole and is not separately identifiable.

2) Remuneration paid to Executive directors amounting to ₹.51.69 lacs is subject to approval of the Central Government, in respect of which applications have been made.

7. C.I.F. Value of Imports :

	Current Period ₹. in Lacs	Previous Period ₹. in Lacs
Components and Spare parts	NIL	113.83
	Nil	Nil

8. Expenditure in Foreign Currency : (Disclosed on accrual basis)

Bank Charges	NIL	NIL
Others	NIL	6.79

9. Earning in Foreign Currency :

F.O.B. Value of Exports including ₹. Nil (Previous period ₹. Nil) where realisation is in Indian rupees)	NIL	NIL
Freight Charges	NIL	NIL

10. Auditors' Remuneration (inclusive/ net of service tax, as applicable):

Audit Fees	1.50	1.50
Other matters	3.50	3.00
Out of pocket expenses reimbursed	0.72	0.39

11. Research and Development expenses aggregating ₹. Nil have been incurred by the Company which are disclosed under appropriate account heads. (Previous period ₹. 2.16 lacs)
12. The net exchange difference arising during the period recognised appropriately in the profit and loss account - net loss - ₹. 0.12 lacs; (Previous period net loss ₹. Nil)
13. The deferred tax liability of ₹. Nil (Previous period ₹. 24.43 lacs) is in respect of provision for Depreciation.

The deferred tax asset of ₹. Nil (Previous period ₹. 24.43 lacs) is in respect of carried forward tax losses.

14. Disclosures required by Para 13.5A of Chapter XIII of SEBI (Disclosure & Investor Protection) Guidelines, 2000, in respect of preferential issues made by the Company during the period :

(₹. Lacs)

Details of the preferential issue	Amount utilised	Purpose for which utilised	Amount unutilised
5909090 (56,00,000) Optionally Convertible Cumulative Preference Shares of ₹.14.20 each	1300 (Nil)	Subscribing to the right issue of MTWL	1300 (NIL)
1 03,00,000 New Redeemable Preference Shares of ₹.10 each	1030	Subscribing to the right issue of MTWL	1030

Previous period figures are indicated in brackets.

15. Earning Per Share

(₹. Lacs)

	Current Period	Previous Period
Net Profit / (Loss)	148.17	(605.44)
Less: Dividend on cumulative preference shares (including tax thereon @ 16.99%)	Nil	Nil
Profit / (Loss) available for Equity Shareholders	148.17	(605.44)
Earnings per share (Basic) ₹.	0.54	(2.55)
Earnings per share (Diluted) ₹.	0.50	(2.20)
EPS before preference dividend (₹.)	Nil	Nil
Nominal Value per equity share (₹.)	10	10

NOTE : The weighted average number of equity shares used as the denominator is 2,99,12,317 (Previous period 2,37,46,095).

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16. (a) Amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information) as at 31st December, 2011 is ₹. 145.78 lacs (including unpaid amounts-principal amounts- ₹. 145.78 lacs and interest accrued and remaining unpaid - ₹. Nil), (Previous period ₹.175.50 lacs) (including unpaid amounts principal amount- ₹.175.50 lacs and interest accrued and remaining unpaid ₹. Nil)

(b) Amount of interest payments made to suppliers registered under the Micro, Small and Medium Enterprise Development Act, 2006 beyond 45 days during the period 1st October, 2010 to 31st December, 2011 is ₹. Nil (Previous period ₹. Nil)

17. Related Party Disclosures

A) Name of related party and nature of relationship where control exists :

- | | | |
|---|--|--|
| 1 | Company having Significant Influence
(Expect for the period 01/10/2009
to 04/01/2010 company is a holding company) | Kinetic Engineering Ltd. |
| 2 | Subsidiary Company | Kinetic Motor Automotive Private limited
(For the period 19.04.2011 to 07.07.2011) |
| 3 | Companies under common control | Ajinkya Auto Fab Ltd.
Ajinkya Holdings Pvt Ltd
Kinetic Communications Ltd.
Micro Age Instruments Pvt. Ltd.
Kinetic Marketing & Services Ltd.
JHS Tyaigene Electric (India) Pvt. Ltd.
Ducati Energia (India) Pvt. Ltd.
Jaya Hind Sciaky Ltd.
Kinetic Motor Automotive Private limited
(after 07.07.2011) |
| 4 | Associate Company | Mahindra Two wheelers Limited |
| 5 | Key Management Personnel | Mr.Arun H.Firodia
Mrs.Sulajja Firodia Motwani |
| 6 | Relative of Key Management Personnel | Mr. Ajinkya Firodia
Mrs.Vismya Firodia Bakshi
Mrs.Jayashree Firodia |

* Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence

B) Related Party Transactions:

(Rs. In Lacs)

Particulars	Company having Significant Influence	Companies under Common control	Associate Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Purchases:						
Goods	1.25	Nil	Nil	Nil	Nil	1.25
	Nil	Nil	Nil	Nil	Nil	Nil
Fixed Assets						
- Kaygee Auto Products Ltd	Nil	Nil	Nil	Nil	Nil	Nil
	Nil	6.23	Nil	Nil	Nil	6.23
Cost of Shared Services						
- Kinetic Engineering Ltd	0.03	Nil	Nil	Nil	Nil	0.03
	(4.51)	Nil	Nil	Nil	Nil	(4.51)
- Mahindra 2 Wheelers Ltd	Nil	Nil	0.78	Nil	Nil	0.78
	Nil	Nil	(12.08)	Nil	Nil	(12.08)
Fixed Assets						
- Micro Age Instruments Pvt Ltd	Nil	Nil	Nil	Nil	Nil	Nil
	Nil	(42.75)	Nil	Nil	Nil	(42.75)
- Mahindra 2 Wheelers Ltd	Nil	Nil	Nil	Nil	Nil	Nil
	Nil	Nil	(393.81)	Nil	Nil	(393.81)
Shares purchased :						
- Sulajja Firodia Motwani	Nil	Nil	Nil	Nil	0.50	0.50
	Nil	Nil	Nil	Nil	Nil	Nil
- Jayashree Firodia	Nil	Nil	Nil	Nil	0.50	0.50
	Nil	Nil	Nil	Nil	Nil	Nil
Shares Sold :						
- Kinetic Engineering Ltd	1.00	Nil	Nil	Nil	Nil	1.00
	Nil	Nil	Nil	Nil	Nil	Nil
Advance Against Supa Assets Repaid / discharged						
- Kinetic Engineering Ltd	33.74	Nil	Nil	Nil	Nil	33.74
	(71.22)	Nil	Nil	Nil	Nil	(71.22)
Inter Corporate Deposit						
Received						
- Micro Age Instruments Pvt Ltd	Nil	Nil	Nil	Nil	Nil	Nil
	Nil	(105.00)	Nil	Nil	Nil	(105.00)
- Ajinkya Holding Pvt Ltd	Nil	Nil	Nil	Nil	Nil	Nil
	Nil	(20.80)	Nil	Nil	Nil	(20.80)
Repaid / discharged						
- Micro Age Instruments Pvt Ltd	Nil	43.00	Nil	Nil	Nil	43.00
	Nil	Nil	Nil	Nil	Nil	Nil
Closing Balances						
- Micro Age Instruments Pvt Ltd	Nil	2,395.98	Nil	Nil	Nil	2,395.98
	Nil	(2,438.98)	Nil	Nil	Nil	(2,438.98)
- Ajinkya Holding Pvt Ltd	Nil	20.80	Nil	Nil	Nil	20.80
	Nil	(20.80)	Nil	Nil	Nil	(20.80)
Remuneration						
	Nil	Nil	Nil	83.22	Nil	83.22
	Nil	Nil	Nil	(70.30)	(0.20)	(70.50)

KINETIC MOTOR COMPANY LTD.

Particulars	Company having Significant Influence	Companies under Common control	Associate Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Outstandings						
Payable						
- Kinetic Engineering Ltd	337.41 (301.51)	Nil Nil	Nil Nil	Nil Nil	Nil Nil	337.41 (301.51)
- Micro Age Instruments Pvt Ltd	Nil	2,395.98 (2,459.78)	Nil	Nil	Nil	2,395.98 (2,459.78)
- Ajinkya Holdings Pvt Ltd	Nil	20.80 (20.80)	Nil	Nil	Nil	20.80 (20.80)
- Kaygee Auto Products Ltd	Nil	37.22 (36.98)	Nil	Nil	Nil	37.22 (36.98)
- JHS Taigene Electric Company Pvt Ltd	Nil	0.12 Nil	Nil	Nil	Nil	0.12 Nil
- Ducati Energia India Pvt Ltd	Nil	12.01 (12.01)	Nil	Nil	Nil	12.01 (12.01)
- Kinetic Escalator & Elevator Ltd	Nil	2.11 Nil	Nil	Nil	Nil	2.11 Nil
- Mahindra 2 Wheelers Ltd	Nil	Nil	37.60 Nil	Nil	Nil	37.60 Nil
Receivable						
- Mahindra 2 Wheelers Ltd	Nil	Nil	51.85 (114.61)	Nil	Nil	51.85 (114.61)

- Note : 1) Previous year figures are in brackets.
2) Reimbursement of preliminary expenses of Kinetic motors Automotive Private Limited are not considered in the related party transaction.

18. As the Company's business activity falls within a single primary business segment viz., "Two wheelers and its parts" and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India are not applicable
19. After completing the financial restructuring, the Company has finalised plans for trading activity in respect of "Postal Soleckshaw" a light multi-utility power driven 3 wheeler. The company is further planning processing activity, by setting up manufacturing facility at Chinchwad, Pune. Having regard to the above and the financial support from the promoters of the Company, the accounts of the Company have been prepared on a 'Going Concern' basis.
20. The Company purchases components, in the ordinary course of business, from JHS Taigene Electrical Co. Pvt.Ltd. (JHST), Ducati Energia India Private Limited (Ducati) and Champ Engineering Private Limited (Champ), a Private Limited Companies in which a director of the Company is a director. During the previous/ current period, due to paucity of funds, credit terms of suppliers in general had been extended. As such, the Company has purchased Vehicles / Components worth ₹. 1.25 lacs (including ₹. 2.16 lacs in the current period) from KEL (JHST, Ducati and Champ) on credit basis, i.e. on the terms which are more favourable to the Company.

As per the provision of section 297 of the Companies Act, 1956, if approval of the Central Government is not obtained for such contract, the same is voidable at option of the Board of directors of the Company. However, as JHST, Ducati and Champ has agreed to these revised terms and the same are in the interest of the Company, the Board has not treated the contracts as void.

21. Other Receivables includes amount retained by the purchaser for the sale of Fixed Assets. The amount is outstanding for more than six months, however as per the aforesaid Agreement, amount shall be released by the purchaser subject to condition stated therein at the end of 3 years from the date of execution of Agreement.

The amount is outstanding for more than six months, however as per the aforesaid Agreement amount shall be released by purchaser, subject to condition stated therein at the end of 3 years from the date of execution of the Agreement.

- 24 Details of Employee Benefits as required by the Accounting Standard 15 (Revised) Employee Benefits are as follows:-

(A) Defined Contribution Plan

Amount recognized as an expense in the Profit and Loss Account in respect of Defined Contribution Plans is ₹. 16.08 lacs (P.Y. ₹. 20.64)

(B) Defined Benefit Plan

- i) Actuarial gains and losses in respect of defined benefit plans are recognized in the Profit & Loss Account.
- ii) The Defined Benefit Plans comprise of Gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

- (C) Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :

			(₹. in lacs)
Particulars	Gratuity (Funded) as at	31/12/2011	30/09/2010
Present Value of Defined Benefit Obligation as on beginning of the period		35.83	43.31
Service cost		2.27	2.16
Interest Cost		2.92	3.13
Losses (gains) on Curtailment		-	-
Liabilities extinguished on settlements		-	-
Plan ammendments		-	-
Actuarial (gains)/losses		(12.79)	(10.75)
Settlement Cost / (Credit)		(5.45)	-
Benefits paid		(0.70)	(2.02)
Present Value of Defined Benefit Obligation as on end of the period		22.09	35.83

KINETIC MOTOR COMPANY LTD.

(D) Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :

(₹. in lacs)

Particulars	Gratuity as at	31/12/2011	30/09/2010
Fair value of Plan assets as on beginning of the period		15.19	16.28
Expected return on plan assets		1.09	1.37
Actuarial gains/(losses)		4.72	(0.44)
Actual contributions by employers		0.00	0.00
Benefits paid *		(0.70)	(2.02)
Assets Distributed on settlement		(6.33)	-
Plan assets as on end of the period		13.98	15.19

* includes ₹. 2,233,000 paid by the Company , to be recovered from insurer.

(E) Analysis of Defined Benefit Obligation :

(₹. in lacs)

Particulars	Gratuity (Funded) as at	31/12/2011	30/09/2010
Defined Benefit Obligation as on end of the period		22.09	35.83
Market Value of Plan assets at the end of period		13.98	15.19
Net (Asset)/Liability recognized in the Balance Sheet as on end of the period		8.11	20.64

(F) Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :

(₹. in lacs)

Particulars	Gratuity as at	31/12/2011	30/09/2010
Present Value of Defined Benefit Obligation		22.09	35.83
Fair value of plan assets		13.98	15.19
Funded status [(Surplus)/Deficit]		8.11	20.64
Unrecognized Past Service Costs		-	-
Net asset/(Liability) recognized in Balance Sheet		(8.11)	(20.64)

(G) Components of employer expenses recognized in the statement of profit and loss for the year ended 31st December 2011:

			(₹. in lacs)
Particulars	Gratuity as at	31/12/2011	30/09/2010
Current Service cost		2.27	2.16
Interest cost		2.92	3.13
Expected return on plan assets		(1.09)	(1.37)
*Curtailment cost/(credit)		-	-
Settlement cost/(credit)		0.88	-
Past Service cost		-	-
Actuarial Losses/(Gain)		(17.51)	(10.31)
Total expense recognised in the Statement of Profit & Loss		(12.53)	(6.40)

(H) In respect of Funded Benefits with respect to gratuity, the fair value of Plan assets represents the amounts invested through "Insurer Managed Funds" :

(I) Principal Actuarial Assumptions :

			(₹. in lacs)
Particulars	Gratuity as at	31/12/2011	30/09/2010
Discount Rate (%)		8.20	7.80
Expected Return on plan assets (%)		9.00	9.00
Salary Escalation (%)			
For Staff		6.00	6.00
For Workers		6.00	6.00
Medical cost inflation		N.A.	N.A.

- a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.
- b) Expected Rate of Return of Plan Assets : This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.
- c) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

KINETIC MOTOR COMPANY LTD.

23. The Board of Directors of the Company has approved a Scheme for the amalgamation of the Company with Kinetic Engineering Limited, from the Appointed Date 1.1.2012. The share exchange ratio approved by the Board, is 4 equity shares of KEL for every 31 equity shares of the Company. After the clearance from Stock Exchanges (which is awaited), the Scheme would be filed with the Hon'ble High Court, Mumbai.
 24. Company has not created a pledge on 90,00,000 Equity shares of MTWL as per debenture subscription Agreement dated 12th July 2011 with Kinetic Motor Automotive Pvt. Ltd. in respect of 90,000 non convertible debentures of ₹. 1000 each issued during the year. Hence debentures are shown as unsecured loan.
 25. Previous period's figures have been regrouped/recast wherever necessary to confirm to this period's classification.
 26. Current period figures are for fifteen (15) months and hence these are not comparable with the previous year figures.
-

As per our report attached

For Lakhani & Co

Chartered Accountants

Firm Registration no :105524W

A.H. FIRODIA

SULAJJA FIRODIA MOTWANI

DINESH MUNOT

S.R. KOTECHA

Chairman

Director

Director

Director

Parag Modi

Partner

Mem No: 114105

Pune : 29th February, 2012

Balance Sheet Abstract and Company's General Business Profile :**I Registration Details**

Registration No	:	02353
State Code	:	10
Balance Sheet Date	:	29/02/2012

II Capital Raised during the Year (Amount in Rs. Lacs)

Public Issue		NIL
Rights Issue		NIL
		(₹. in lacs)
Bonus Issue		NIL
Private Placement	Present Value of Defined Benefit Obligation as on beginning of the period	217.04

III Position of Mobilisation and Development of Funds (Amount in ₹. Lacs)

Total Liabilities	17927.62
Total Assets	17927.62

Sources of Funds

Paid up Capital		9640.05
Reserves & Surplus	Present Value of Defined Benefit Obligation as on end of the period	4970.79
Secured Loans		NIL
Unsecured Loans		3316.78

(₹. in lacs)

Application of Funds

Net Fixed Assets	Fair value of Plan assets as on beginning of the period	335.98
Investments		6129.00
Net Current Assets		(610.90)
Deferred Tax Assets		-
Miscellaneous Expenditure	Benefits paid *	NIL
Accumulated Losses		12073.54
	Plan assets as on end of the period	

KINETIC MOTOR COMPANY LTD.

IV Performance of Company (Amount in Rs. Lacs)

Turnover	:	567.01
Total Expenditure	:	428.43
Profit / (Loss) Before Tax	:	138.58
		(₹. in lacs)
Extra Ordinary Items	:	47.49
Prior Period Items	:	
	Defined Benefit	
	Obligation as on	
	end of the period	37.66
Profit / (Loss) After Tax	:	148.41
Prior Period Items	:	
	Net (Asset)/Liability	
	recognized in the	
	Balance Sheet as	
	on end of the period	
Earnings Per Share (in ₹.)	:	0.64
Dividend	:	NIL

V Generic Names of Three Principal Products / Service of Company (as per monetary terms)

Item Code No. (ITC Code)	:	8711
Product Description	:	MOTORRISED TWO WHEELERS

KINETIC MOTOR COMPANY LIMITED

Registered Office: D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019

ATTENDANCE SLIP

(Members Attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall)

I hereby record my presence at the 26th ANNUAL GENERAL MEETING of the Company at D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019, at 11:00 a.m. on Saturday, 20th October, 2012.

Full name of the Member / Proxy (in block letters)

Signature

No. of Shares held

Folio No.: DP ID No.* Client ID No.*

* Applicable for members holding shares in electronic form

NOTES:

- 1. Member/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting.
- 2. Member/ Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

tear here

KINETIC MOTOR COMPANY LIMITED

Registered Office: D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019

PROXY FORM

I/We
of being a Member/
Members of the above named Company, hereby appoint - Mr./Mrs./Miss.

of, or failing him/her,
Mr./Mrs./Miss. of

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company, to be held at D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019, on Saturday, 20th October, 2012 at 11:00 a.m., or at any adjournment thereof.

As Witness my hand/our hands this day of 2012.

Signature of Member

(Affix Re 1
Revenue
Stamp)

NOTES:

- (i) The Proxy must be returned, duly completed, so as to reach the Registered Office of the Company at D1 Block, Plot No. 18/2, MIDC, Chinchwad, Pune - 411 019, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.
- (ii) Those members who have multiple folios with different joint-holders may make copies of this Attendance Slip/Proxy.

No. of Shares

Folio No.: DP ID No.* Client ID No.*

* Applicable for members holding shares in electronic form

KINETIC MOTOR COMPANY LTD.

D1 Block, Plot No. 18/2, M.I.D.C., Chinchwad, Pune - 411019 (India)

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