

2001-2002
ANNUAL
REPORT

**BHARAT
GEARS
LIMITED**



BHARAT GEARS

BHARAT GEARS LIMITED**CORPORATE OFFICE**

Village Kausa Shil,
Mumbra - 400 612.
Dist. Thane, Maharashtra

REGISTERED OFFICE

20 K.M., Mathura Road, P.O. Amar Nagar
Faridabad - 121 003.

WORKS

Kausa Shil, Mumbra
Distt. Thane - 400 612, Maharashtra
20 K.M., Mathura Road, P.O. Amar Nagar
Faridabad - 121 003.

BRANCHES

512 Surya Kiran Bldg.,
19th Kasturba Gandhi Marg,
New Delhi-110 001

8, Sahdev Nagar, Jalandhar City -144 001.

79-80, Yard No.6, Transport Nagar,
Narwal Jammu -180 006.

1902 - A, Baldev Nagar, Ambala City, Haryana
19, Transport Nagar, Jaipur - 302 003.

Durga Mills (Near Milk Dairy) Mangal Parao,
Haldwani-263139, Uttranchal

SCF-382 , 1st Floor,
Motor Market, Mani Majra
UT Chandigarh

123/650 - A, GNA Market
Pratap Ganj, (Gadarian Purva)
Kanpur - 208 012.

Hamirpur Road,
UNA (HP)

Plot 30-31, 100 Feet Road, Jawahar Auto
Nagar, Vijaywada - 520 007.

89/01, 7th Cross, Wilson Garden, Hosur
Road, Bangalore - 560 027.

1/4810, Al Laila Cottage
C.H. Cross Road, East Nadakav
Calicut - 673011

Poomkudy House, NH - 47, Edappally
Kochi-682 024

9/15, Dr. Munnuswamy Gardern
Avinashi Road, Coimbatore - 641 018.

10, Smith Road,
Chennai



17, Brabourne Road, Mukherjee House,
5th Floor, Kolkata - 700 072.

Commercial House, Kankarbagh Road,
Patna - 800 020.

A.T. Road, Guwahati -781 001.

89 Motor Stand Road
Agartala-799001
Tripura

4, North Market Road, Upper Bazar,
Ranchi - 834 001.

Gurunanak Pura,
Katrass Road, Dhanbad - 826 001.

NH-5, Gandharpur
Cuttack-753003

Hoechst House 14th Floor,
Nariman Point, Mumbai-400 021

9A-11A, Jayendraganj, Ghoda Chowk,
Gwalior-474009

1/269, Yan Estate, Gandhinagar Bavla Road
Sarkhej - 382 210. Distt. Ahmedabad

41 Chhoti Gwaltoli, Opp. Madhu Milan Cinema
Indore-452001

New Bombay Market,
Complex, Nav Bharat Press Road,
Raipur-492001, Chattisgarh

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BHARAT GEARS LIMITED

BOARD OF DIRECTORS

Dr. Raunaq Singh, *Chairman*

Mr. V. K. Pargal

Dr. Ram S Tarneja

Mr. R. D. Thapar

Mr. N. J. Kamath

Mr. W.R. Schilha

Mr. A.F. Hartmann

Mr. Jai Singh Bhandari

Mr. Surinder P Kanwar, *Vice-Chairman & Managing Director*

Mr. Sameer Kanwar, *Executive Director - Strategic Planning*

MANAGEMENT EXECUTIVES

N.V. Srinivasan

Sr. VP- Manufacturing

B. Shankar

Sr. VP-Marketing & Engineering

A.S. Raghvan

Sr. VP- Furnace Division

S.M. Mathur

VP-Manufacturing

Milind Pujari

Financial Controller

COMPLIANCE OFFICER

Sanjay K. Sachdev

Asstt. General Manager (Legal)
& Secretary

FINANCIAL INSTITUTIONS

Sumitomo Mitsui Banking Corporation

Industrial Development Bank of India

Export Import Bank of India

LIC Mutual Fund

Unit Trust of India

DEBENTURE TRUSTEES

The Western India Trustee
& Executor Co. Ltd.

BANKERS

State Bank of India

Bank of Baroda

Indian Overseas Bank

The Federal Bank Ltd.

AUDITORS

A.F. Ferguson & Co.



NOTICE

TO THE MEMBERS OF BHARAT GEARS LIMITED

NOTICE is hereby given that the 30th Annual General Meeting of the Members of Bharat Gears Limited will be held as under:

Day	:	Friday
Date	:	23rd August, 2002
Time	:	2.00 P.M.
Venue	:	Municipal Auditorium NIT Faridabad

to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts of the Company for the year ended 31st March 2002 together with Report of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. N.J.Kamath, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. W.R.Schilha, who retires by rotation and is eligible for re-appointment.
4. Not to appoint a Director in place of Mr. R.D.Thapar, who retires by rotation and has expressed his unwillingness to his reappointment as Director of the Company and to consider and if thought fit, to pass, with or without modification(s), the following resolution :

RESOLVED THAT in accordance with the provisions of Section 256(4) of the Companies Act, 1956, no director be appointed in place of Mr. R.D. Thapar who retires by rotation and has expressed his unwillingness to reappointment as director on the Board of the Company.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to file such form(s), document(s) as may be deemed necessary for the purpose aforesaid.

5. To appoint Auditors for the year 2002-2003 and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modification(s), the following resolutions:

6. AS A SPECIAL RESOLUTION

RESOLVED THAT in accordance with the provisions of Section 80, 81, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof) and the enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed, and the prevailing statutory guidelines in that behalf and subject to all necessary consents, permissions and approvals from all such authorities and institutions as may be relevant and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting any such consents, permissions and approvals and which may be agreed to by the Board of Directors of the company (hereinafter referred to as "the Board" which term shall be deemed to include any committee(s) consisting of one or more members of the Board and/or one or more officials of the Company appointed by the Board in this behalf which the Board may constitute to exercise powers of the Board), the consent of the company be and is hereby accorded to the Board to issue, offer and allot from time to time in one or more

trenches, not exceeding 1,50,000 non convertible redeemable cumulative preference shares (hereinafter referred to as "Securities") of face value of Rs. 100/- each for cash at par aggregating to an amount not exceeding Rs. 150 Lacs through preferential allotment, private placement or otherwise to IDBI Bank Limited and/or any other Financial Institutions, Mutual Funds, Banks, Insurance Companies, or any combination thereof, as the Board may in its sole discretion decide, on such terms as to rate of dividend, terms and period of redemption, terms for cumulation of dividends, and all such other terms as are provided in the offerings of a like nature, as may be permitted in accordance with the prevailing rules/ guidelines in this behalf and as determined by the Board in conformity with the relevant provisions of the Law and the Articles of Association of the Company, wherever applicable and as the Board may deem advisable in the prevailing market situation.

RESOLVED FURTHER THAT such of these securities to be issued as are not subscribed may be disposed of by the Board to such person(s) and in such manner and on such terms as the Board in its absolute discretion, thinks fit in the best interest of the Company.

RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby specifically authorised to take all such steps and actions and to give such directions, as it may in its absolute discretion, deem necessary or desirable for such purposes and also to settle any question or difficulty that may arise with regard to the proposed issue/offer and allotment of securities as aforesaid.

7. AS A SPECIAL RESOLUTION

RESOLVED THAT pursuant to sections 198, 268, 269, 309, 310, 311, 316, Schedule XIII and other applicable provisions of the Companies Act, 1956, if any, and subject to such other approval(s) as may be required, Mr. Surinder P. Kanwar be and is hereby re-appointed as Vice-Chairman & Managing Director of the Company for a period of three years with effect from 1st October, 2002 on the following remuneration :

SALARY : Rs. 2,50,000/- per month

PERKS : Perquisites shall be allowed in addition to salary. However, total value of the perquisites shall be restricted to an amount not exceeding Rs. 1,00,000/- per month. The perquisites shall be valued as per Income Tax Rules, wherever applicable, and in the absence of any such Rule(s), the perquisites shall be valued at actual cost incurred.

Contribution of provident fund, superannuation fund, annuity fund and gratuity fund will not be included in the computation of ceiling on the perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 or Rules made thereunder.

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

COMMISSION : Not exceeding 3% of the net profits of the Company computed in the manner laid down under Section 198, 309 and 349 read with Section 350 and other applicable provisions of Companies Act, 1956.

RESOLVED FURTHER THAT in the event of absence of profits or inadequacy of profits in any financial year, the above salary, perquisites and retirement benefits (except commission) as approved by remuneration committee, shall be paid as minimum remuneration to Mr. Surinder P. Kanwar in terms of Schedule XIII of the Companies Act, 1956.

BHARAT GEARS LIMITED

8. AS AN ORDINARY RESOLUTION

RESOLVED THAT subject to such approvals as are required, consent of the company be and is hereby accorded in terms of Section 293(1)(a), and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging, hypothecating and/or charging by the Board of Directors of the Company of Company's premises situated at Hoechst House, Nariman Point, Mumbai - 400021 or at any other place and/or wholly or substantially the whole of the undertaking(s) of the Company at Faridabad or any where in India together with powers to take over the management of the business or concern of the company in certain events to or in favour of Credit Agricole Indo Suez Bank Limited or such other Bank(s) or Financial Institution(s) and on such terms and conditions as may be decided by the Board of Directors to secure Rupee Term Loan for an amount not exceeding Rs. 20 Crores as may be availed by the company for meeting the long term working capital requirements along with interest/additional interest, commitment charges and such other costs, charges, expenses, monies payable by the company to such Bank(s)/Financial Institution(s) in terms of Loan Agreement(s)/ Heads of Agreement(s)/Sanction Letter(s)/Articles of Agreement and/ or Memorandum of Terms and Conditions, Mortgage/Hypothecation deed(s) entered into/to be entered into by the company in respect of aforesaid borrowings.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with aforesaid Bank(s)/Financial Institution(s), the documents for creations of aforesaid mortgage and/ or charge and to do all such act(s), deed(s) and thing(s) as may be necessary for giving effect to the above resolution.

9. AS A SPECIAL RESOLUTION

RESOLVED THAT in accordance with the provisions of Section 106 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof) and the enabling provisions of the Memorandum and Articles of Association of the Company and subject to such other approvals as may be necessary, the terms of redemption of privately placed 1,50,000 11.5% Non-convertible Cumulative Redeemable Preference Shares of Rs. 100/- each be and are hereby altered/modified to make these redeemable at such premium as may be decided by the Board of Director of the Company.

RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby specifically authorised to take all such steps and actions and to give such directions, as it may in its absolute discretion, deem necessary or desirable for such purposes and also to settle any question or difficulty that may arise with regard to the proposed alteration.

By Order of the Board



Place : Faridabad.

Dated : July 25, 2002

SANJAY K. SACHDEV

Asstt. General Manager (Legal) & Secretary

**NOTES:**

- i. **NO GIFT SHALL BE DISTRIBUTED AT THE ENSUING ANNUAL GENERAL MEETING.**
- ii. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll, instead of himself. Proxies in order to be valid and effective must be delivered duly completed in the enclosed format at the Registered Office of the Company not later than forty-eight hours before the scheduled time of commencement of the meeting. Proxy need not be a Member of the Company.
- iii. Members/Proxies are requested to deposit the enclosed Attendance Slip duly filled in and signed at the entrance of the meeting for attending the meeting. No Attendance Slip shall be issued at the meeting.
- iv. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto and forms part of this notice.
- v. The Register of Members and the Share Transfer Books of the Company shall remain closed from 12th August 2002 to the 17th August 2002 (both days inclusive).
- vi. Members are requested to promptly intimate Change in their address, if any, at the Company's Registered Office.
- vii. Members seeking any further clarification/information relating to the Annual accounts are requested to write at the registered office of the company at least ONE WEEK before the date of the meeting.
- viii. Those Shareholders who have not encashed their dividend warrants for the year 1995-96 onwards are requested to encash the same after getting these revalidated from the company. In terms of new provision inserted by section 205C of the Companies Act, 1956, dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Protection Fund and once the unclaimed dividend is transferred to Investor Protection Fund the same shall not be allowed to be withdrawn.
- ix. Members holding shares in the same name under different folios are requested to apply for consolidation of such folios and send relevant share certificates.
- x. Members are requested to bring their own copy of the Annual Report to the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS:**ITEM NO. 6 :**

The company had privately placed 5,00,000 11.5% Non Convertible Redeemable Cumulative Preference Shares of Rs. 100/- to IDBI Bank Ltd. Out of these 3,50,000 shares have already been redeemed. The balance 1,50,000 shares were due for redemption in July, 02. As per the provisions of Section 80 of the Companies Act, 1956, such redemption can be made either out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares. Since the company has incurred loss in the year ended 31.3.2002, the redemption of the above shares can be done only out of the proceeds of a fresh issue of shares. In this connection, IDBI Bank Limited has agreed in principle to subscribe the fresh issue of preference shares. For the purpose, the consent of the shareholders is sought in terms of section 81(1A) to authorise the Board of Director for issue of said preference shares subject to rules, regulations and guidelines issued/to be issued under the Companies Act, 1956 as amended, Securities and Exchange Board of India and/or any other applicable law.

Hence the proposed resolution.

None of the Directors is concerned or interested in the resolution.

ITEM NO. 7 :

Mr. Surinder P. Kanwar was appointed as Managing Director of the Company with effect from 1st October, 1990 for a period of five years. Thereafter, he was reappointed as Managing Director of the Company w.e.f. 1st October, 1995. He was re-designated as Vice Chairman and Managing Director w.e.f. 1st October, 1997. Finally, he was reappointed as Vice Chairman & Managing Director for a period of three years w.e.f. 1st October, 1999 on a remuneration as approved by the Central Government.

Under the stewardship of Mr. Kanwar the company has progressed steadily. Under his able guidance and leadership, the company has maintained profit making track record since 1991 till 31st March, 2000 and uninterrupted dividend for all those years. The state of art Faridabad plant with all ultra-modern facilities and amenities, is the brainchild of Mr. Kanwar. He has experience of about 27 year in the business and

industry. Earlier to his present assignment in Bharat Gears Ltd. Mr. Kanwar has held the various senior positions like Vice President, Managing Director in other companies viz., Raunaq & Co. Industries Pvt. Ltd. and Bharat Steel Tubes Ltd. Presently, Mr. Kanwar is also the Managing Director of M/s. Raunaq International Limited from where he is drawing a token remuneration of Re. 1/- p.m.

A statement containing the required information as per revised Schedule XIII to the Companies Act, 1956 is enclosed for the information of the shareholders.

In view of above the Board of Directors of the Company propose to reappoint Mr Kanwar as Vice-Chairman & Managing Director of the Company for a period of three years, effective from 1st October, 2002 on the remuneration as set out in the resolution.

For the purpose the said resolution is recommended for the approval of the shareholders of the company to be passed as Special Resolution.

None of the directors except Mr. Surinder P. Kanwar himself, Dr. Raunaq Singh and Mr. Sameer Kanwar being related to Mr. Kanwar, is interested or concerned in the resolution.

This may be treated as abstract in terms of section 302 of the Companies Act, 1956 regarding variation in the terms and conditions of the appointment of Mr. Kanwar.

ITEM NO. 8

Your company proposes to avail term loan from Credit Agricole Indo Suez Bank Limited and or any other bank not exceeding Rupees 20 crores to meet its long term working capital needs of the company

In order to secure the aforesaid long term working capital facility which your company may be availing from time to time, your Company may have to mortgage/hypothecate/ create charge on the premises of the company situated at Hoechst House, Nariman Point, Mumbai - 400 021. For mortgaging/hypothecating/charging the said premises of the company, the approval of the shareholders under section 293(1)(a) is sought by the said Ordinary Resolution.

None of the directors is interested or concerned in the above resolution.

ITEM NO. 9 :

The 1,50,000 11.5% Non Convertible Redeemable Cumulative Preference Shares of Rs. 100/- each were due for redemption in July, 02. However, due to loss, the company has not been able to redeem these shares. Further, in view of loss, the Company has also not paid dividend on the aforesaid preference shares as well as those redeemed during the last year ended 31st March, 2002. The subscribers to these preference shares have agreed in principle to waive the amount of accumulated dividend on these shares and to subscribe to the fresh issue of preference shares for the purpose of redemption of the existing 1,50,000 preference shares. The amount of premium shall be met out of the amount lying in share premium account. Further, as per the provisions of Section 106 of the Companies Act, 1956 any change in rights of a class of shareholders needs to be approved by the 3/4th majority of that class. Further, sole subscriber to these preference shares viz., IDBI Bank Ltd. has consented for the aforesaid changes in terms of redemption.

As the rights of the equity shareholders are also affected, as the payment of premium on redemption will lead to reduction in the free reserves of the company. Hence, the approval of equity shareholders is sought by way of special resolution.

None of the directors is concerned or interested in the said resolution.

INSPECTION OF DOCUMENTS

Documents relating to items referred to above shall be open for inspection of members at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on all working days (Monday to Friday) till the date of the meeting.

By Order of the Board

SANJAY K. SACHDEV
Asstt. General Manager (Legal)
& Secretary

Place : Faridabad.
Dated : July 25, 2002

BHARAT GEARS LIMITED

STATEMENT OF PARTICULARS PURSUANT TO SCHEDULE-XIII TO THE COMPANIES ACT, 1956

I. GENERAL INFORMATION

- | | |
|---|---|
| (1) Nature of Industry | : Manufacture of Automotive Gear. |
| (2) Date or expected date of commencement of commercial production | : 15th January, 1972 |
| (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | : N.A. |
| (4) Financial performance based on given indicators | : The company has uninterrupted profit making and dividend paying track record for 9 years till 31st March, 2000. During the last year ended 31st March, 2001, due to heavy depreciation of new plant at Faridabad, the company though incurred a cash profit of Rs. 747 lacs but ended with net loss of Rs.222 lacs. Further, due to recessionary conditions prevailing in the Auto Sector coupled with five months closure of Mumbra plant due to labour unrest, the Company has incurred a cash loss of Rs.10.50 crores in the year F2002. The position of the Company is likely to improve in the current year. |
| (5) Export performance and net foreign exchange collections | : Export of Goods on FOB Basis : Rs. 411.36 Lacs (Previous year Rs. 2717.34 Lacs)
Other Export Earnings : Rs. 95.29 Lacs (Previous Year Rs. 457.66 Lacs) |
| (6) Foreign investments or collaborators, if any. | : ZF Friedrichshafen AG, Germany |

II. INFORMATION ABOUT THE APPOINTEE

- | | |
|---|--|
| (1) Background details | : Mr. Surinder P. Kanwar, is a Commerce Graduate from Delhi University. He has received intensive On-the-job training in various Companies of Raunaq Group under the supervision of various senior professionals from diverse fields and overall guidance of his industrialist father Dr. Raunaq Singh.

Mr. Kanwar is the Managing Director of Bharat Gears Ltd. since 1990. |
| (2) Past remuneration | : Central Government vide its approval No. 1/296/99-CL.VII dated 3rd February, 2000, has approved a remuneration of Rs.48,00,000/- p.a., inclusive of all perquisites not exceeding Rs.24,00,000/- (which works out to Rs. 4,00,000/- per month), for a period of 3 (three) years from 1st October, 1999 to 30th September, 2002. |
| (3) Recognition or awards | : Under the leadership of Mr. Surinder P. Kanwar, the Company has been awarded number of times for excellence in exports. |
| (4) Job profile and his suitability | : Mr. Surinder P. Kanwar has been entrusted with substantial powers of management. He is exercising powers of Management under the superintendence, direction & control of Professional Board of Directors.

Under his able guidance and dynamic leadership, the company has progressed steadily since 1990, when he took over the position of Managing Director in the Company. He has been able to effectively manage the company for the last more than ten years. In view of his rich knowledge & experience, he is considered suitable person for the position of Managing Director of the company. |
| (5) Remuneration proposed | : As set out in the resolution. |
| (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person | : The remuneration being proposed is comparable with the remuneration being paid to the CEO/Managing Directors of the companies of the same size in the industry. |
| (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | : Mr. Surinder P. Kanwar's pecuniary relationship with company is disclosed in the "Related party disclosure" in Notes to accounts. In the opinion of the Board of Directors of the company none of the transactions is prejudicial to the interest of the company. Further, his son Mr. Sameer Kanwar is also the Executive Director (Strategic Planning). His father Dr. Raunaq Singh is the non-executive Chairman of the company. |

III. OTHER INFORMATION

- | | |
|---|---|
| (1) Reasons of loss or inadequate profits | : The recession in the automobile industry coupled with closure of Mumbra Works of the company for about five four months has resulted in loss for the year 2001-02. |
| (2) Steps taken or proposed to be taken for improvement: | : The company has adopted following measures to improve the profitability:
a) Cost Control in all areas
b) Deeper penetration in the replacement market in India & abroad.
c) Improving the quality to make the products competitive in Indian & overseas markets. |
| (3) Expected increase in productivity and profits in measurable terms | : Despite the continued recessionary conditions prevailing in the Auto Industry The company is set the target of Rs. 147 crores turnover for the current year 2002-03. The projected cash profit for the period is Rs. 10 crores and net profit of Rs. 1 crore. |



REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2002

BHARAT GEARS' PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company has always striven to incorporate appropriate standards for good corporate governance and has been practicing these principles since inception. Corporate Governance has evolved in the Company over the years not only on account of regulatory requirements but also on account of sound management values for enhancing and meeting stakeholders expectations. The Company is having faith in practicing good Corporate Governance in true spirit and endeavor to improve on these aspects on ongoing basis.

BOARD OF DIRECTORS

Your Company has an optimum combination of executive and non-executive directors on the Board. The Chairman of the Board is a non-executive director and more than one-third of the strength of the Board of Directors consists of independent directors. The composition of the Board of Directors for the year ended March 31, 2002 is as under :

Chairman	:	Dr. Raunaq Singh, Non-Executive
Executive directors	:	Mr. Surinder P. Kanwar, Vice-Chairman & Managing Director
		Mr. Sameer Kanwar, Executive Director (Strategic Planning)*
Nominees of Collaborators : (ZF Friedrichshafen AG)	:	Mr. W.R.Schilha & Mr. A.F.Hartmann
Non-executive and	:	Dr. Ram S. Tarneja
Independent directors	:	Mr. R.D.Thapar Mr. N.J.Kamath Mr. V. K. Pargal* Dr. S.M.Patil ** Mr. J.S.Bhandari (Representative of Life Insurance Corporation of India Equity investor)

*Appointed during the year

**Resigned from directorship w.e.f January 16, 2002

Attendance of the Directors at the Board Meetings and at the last Annual General Meeting, outside Directorships and Board Committees is as under:

S.No	Name of Director	No. of Board meeting attended ^A	Attendance at last AGM	No. of outside Directorships held ^B	No. of memberships/ Chairmanships in Board Committee ^C
1.	Dr. Raunaq Singh	None	Not present	6	1/1
2.	Mr. R.D.Thapar	None	Not present	5	1
3.	Mr. V.K.Pargal*	None	Not Applicable	None	1
4.	Mr. N.J.Kamath	5	Present	1	2
5.	Mr. W.R.Schilha	3	Not present	None	None
6.	Mr. J.S.Bhandari	3	Not present	None	None
7.	Dr. Ram S. Tarneja	4	Present	12	10/4
8.	Mr. A.F.Hartmann	1	Not present	None	None
9.	Mr. Surinder P. Kanwar	5	Present	2	1
10.	Mr. Sameer Kanwar**	None	Not Applicable	None	None
11.	Dr. S.M.Patil***	None	Not present	Not Applicable	Not Applicable

* Appointed as director w.e.f. Jan 24, 2002

** Appointed as director w.e.f. February 1, 2002

*** Resigned as director w.e.f. Jan 16, 2002

^AAttendance at the Board Meetings relevant to the period when Director of the Company.

^BDirectorships in companies registered under the Companies Act, 1956, excluding directorships in private companies, Companies under section 25 of Companies Act, 1956 and alternate directorships.

^COnly covers memberships/chairmanships of Audit Committee, Remuneration Committee and Shareholders / Investors Grievance Committee.

Mr. V.K.Pargal is also holding Directorship on the Board of Pargal Consultants Pvt. Ltd (PCPL), which is providing consultancy to our Company in their professional capacity.

Apart from this, no other non-executive director has any pecuniary relationships / transactions vis-à-vis the Company (other than the sitting fees for attending the Board / Committee meetings).

BOARD MEETINGS HELD DURING THE YEAR 2001-2002

During the financial year 2001-2002, five Board meetings were held on June 19, 2001, July 27, 2001, September 17, 2001, October 29, 2001 and January 24, 2002.

AUDIT COMMITTEE

In compliance with Section 292A of the Companies (Amendment) Act, 2000, the Board of Directors at their meeting held on January 25, 2001, had constituted the Audit Committee. The Audit Committee earlier comprised of Dr. Ram S.Tarneja, Mr. N.J.Kamath and Mr. Surinder P. Kanwar, two of them being non-executive and independent directors, as per the requirement of the Companies Act, 1956. The constitution of the Audit Committee was changed on January 24, 2002 in line with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement by induction of Mr. V.K. Pargal (non-executive and independent director) in place of Mr. Surinder P. Kanwar (executive director). The role and terms of the Audit Committee covers the areas mentioned in clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. As on March 31, 2002 the constitution of the Audit Committee stands as under :

1. Dr. Ram S. Tarneja, (non-executive and independent director)
2. Mr. N.J.Kamath (non-executive and independent director)
3. Mr. V.K.Pargal (non-executive and independent director)

Dr. Ram S.Tarneja who has financial and accounting knowledge, is the Chairman of the Audit Committee.

Mr. Sanjay K.Sachdev, Company Secretary, acts as the Secretary to the Committee.

The Audit committee has met three times during the last financial year. The attendance of the directors at the respective dates of the meetings is shown below:

Attendance of directors	Meetings held		
	(June 19, 2001)	(October 27, 2001)	(January 24, 2002)
Dr. Ram S.Tarneja	Present	Present	Present
Mr. V.K.Pargal*	Not Applicable	Not Applicable	Not Applicable
Mr. Surinder P.Kanwar**	Present	Present	Present
Mr. N.J.Kamath	Present	Not present	Present

* Appointed as member w.e.f. January 24, 2002

** Resigned as member w.e.f. January 24, 2002

The Chairman of the Committee was present at the last Annual General Meeting to answer the shareholders' queries.

The Financial Controller, Internal Auditor and the Statutory Auditor attended the meetings of the Committee on invitation.

REMUNERATION COMMITTEE

The remuneration of the Whole Time Director/Managing Director for the year under review was approved by the Board of Directors and the share-

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holders of the Company. In the year 2001-2002, there was no Remuneration Committee to review the remuneration of the Whole-time Director / Managing Director. However, pursuant to Clause 49 of the Listing Agreement and recent amendments to Schedule XIII to the Companies Act, 1956, the Board of Directors of your company has constituted a Committee called 'Remuneration Committee' in their Meeting held on April 22, 2002. The following Directors are the members of the aforesaid Committee:

- 1) Mr. N.J. Kamath (Non-executive and independent director)
- 2) Mr. J. S. Bhandari (Non-executive and independent director)
- 3) Mr. V.K.Pargal (Non-executive and independent director)

This committee has been empowered to consider and approve the matters related to the remuneration to the Directors and shall meet as and when any matter relating to remuneration to the directors arises. The chairman of the committee will be decided in the first committee meeting.

The remuneration policy of the Company is based on the need to attract the best available talent and be inline with the industry levels.

REMUNERATION OF DIRECTORS FOR 2001-2002

(Amount in Rs.)

Name of the Director	Sitting fees	Salaries, contribution to provident & other funds and perquisites	Total
Mr. N.J.Kamath	16,000	Nil	16,000
Mr. J.S.Bhandari	6,000	Nil	6,000
Dr. Ram S.Tarreja	14,000	Nil	14,000
Mr. Surinder P. Kanwar*	Nil	42,01,572	42,01,572
Mr. Sameer Kanwar**	Nil	2	2

* Approved by Government of India vide Order No. 1/296/99 - CL.VII dated February 3, 2000 for a period not exceeding three years w.e.f. October 1, 1999.

** Approved in the Annual General Meeting held on September 17, 2001 for a period of five years w.e.f February 1, 2002 at a monthly salary of Rs. 70,000/- (February 2002 and March 2002- paid a token salary of Re. 1/- per month).

The Company does not have any notice period or severance fees in respect of any of the directors. The Company does not have any stock option scheme.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Company had a Share Transfer Committee of Directors which was delegated the powers of Transfer/Transmission of shares of the Company. To comply with the Corporate Governance Guidelines, the Board of Directors of the Company had re-constituted the Share Transfer Committee by giving it a new name "Shareholders/Investors Grievance Committee" on January 25, 2001. Initially, the Shareholders/Investors Grievance Committee comprised of following directors namely Dr. Raunaq Singh (non-executive director), Chairman, Mr. Surinder P. Kanwar (Vice Chairman & Managing Director), Mr. R.D.Thapar and Mr. N.J.Kamath (non-executive directors)

However, the Board of Directors of Company in their meeting held on 18th June, 2002, have nominated Mr. Sameer Kanwar, Executive Director in place of Mr. R.D.Thapar. Accordingly, the present constitution of the aforesaid Committee is as under :

1. Dr. Raunaq Singh (non-executive director), Chairman
2. Mr. Surinder P. Kanwar (Vice Chairman & Managing Director),
3. Mr. N.J.Kamath (non-executive director)
4. Mr. Sameer Kanwar (executive director)

The said Shareholders/Investors Grievance Committee is empowered to

look into the grievances of shareholders/investors and redressal of the same. Mr. Sanjay K. Sachdev, Assistant General Manager (Legal) & Company Secretary, acts as the compliance officer of the Company. Further, the said Committee is also authorised to effect transfers/transmissions of equity shares/debentures and other securities and also to issue Duplicate Shares and other securities and matters related or incidental thereto.

During the financial year 2001-2002, 75 complaints were received from the shareholders. All the complaints have been resolved to the satisfaction of the complainants. All the requests for transfers and transmissions have been duly acted upon and no such request is pending.

In order to have speedy disposal of the investors' requests for transfer and transmission, the Board had delegated the powers to Directors/Officers of the Company, vide its resolution passed on June 16, 2000, to effect transfer and transmission on "Online System" upto 5000 equity shares per single request. Further, the Board has superceded the above delegation by constituting a sub-committee of the directors/officers of the Company on April 22, 2002 for effecting share transfer/transmission/ split/consolidation of shares. The aforesaid sub-Committee constitutes of following directors/officers of the Company of which, any two of them are authorised to consider and approve the share transfer/ transmission/ split/consolidation of shares:

1. Mr. Surinder P. Kanwar, Vice Chairman & Managing Director
2. Mr. Sameer Kanwar, Executive Director-Strategic Planning
3. Mr. P.C. Kothari, General Manager (Accounts)
4. Mr. Sanjay K. Sachdev, AGM (Legal) & Company Secretary

DIRECTORS

During the year under report, two new Directors were appointed viz., Mr. Sameer Kanwar and Mr. V.K.Pargal.

Mr. N.J.Kamath, Mr. W.R.Schilha and Mr. R.D.Thapar are the Directors who are liable to retire by rotation at the ensuing Annual General Meeting and are eligible to offer for re-appointment. However, Mr. R.D. Thapar has advised the company not to consider him for re-appointment.

Mr. Sameer Kanwar, age 24 has been appointed as Executive Director (Strategic Planning) w.e.f February 1, 2002. His appointment and remuneration has been approved by the shareholders of the Company in their last Annual General Meeting held on September 17, 2001. Mr. Sameer Kanwar has completed his Bachelors Degree in Business Economics from York University, Canada. After completing his graduation, he was with our foreign collaborators for a period of about two years where he was exposed to areas of Planning, Controlling and Finance. He is not on the Board of any other Company.

Mr. V.K.Pargal, age 69 has been appointed as a director on the Board of the Company, in the casual vacancy caused by the resignation of Dr. S.M.Patil. Mr. V.K.Pargal is a qualified Chartered Engineer from England and has over forty years experience in this industry. He has held senior positions in engineering industry including Automobiles and Tractor manufacturers both in India and England. As a senior executive in Mahindra & Mahindra Limited, he managed various functions in manufacturing at the Corporate level in Techno Commercial fields. As a Head of Human Resource Development he reorganised the company's activities to meet the requirements of executive development of 90s. Presently, he is managing a consultancy company specializing in Business Strategies and Structures. Mr. V.K.Pargal is also holding Directorship in Pargal Consultants Pvt. Ltd.

Mr. N.J.Kamath, age 70, is a retired IAS officer and is on our Board since 1985. He is also on the Board of Rajdhani Leasing & Industries Limited.

Mr. W.R.Schilha, age 50, is a Director (Sales & Service) in ZF Friedrichshafen, AG Germany and is occupying the position of Director on our Board since 1986. He is not on the Board of any company in India.