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12th Annual Report 1997-98



BOARD OF DIRECTORS

Lt.Gen.(Retd) J.K.Khanna - Chairman
 Mr. H.N. Sonawani (Nominee - IFCI)
 Mr. Anil Khanna - Director
 Mr. K.L. Kalra - Director
 Mr. Deep Kapuria - Managing Director
 Mr. Digvijay Kapuria - Joint Managing Director

Principal Executives

Mr. S.S. Rathore - Sr. General Manager (Operations)
 Mr. Deepak Rai - Dy. General Manager (Finance)
 Mr. Vijay Mathur - Sr.Manager (Finance)
 Mr. Praveen Jain - Company Secretary.

Auditors

M/s. Gupta Vigg & Co.
 Chartered Accountants
 86, South Park Apartments,
 Kalkaji, 'B' Block,
 New Delhi - 110 019.

Bankers

ICICI Banking Corporation Ltd.
 9A, Phelps, Connaught Place,
 New Delhi - 110001.

State Bank of Bikaner & Jaipur
 Safdarjang Enclave branch,
 Kamal Cinema Bldg,
 Safdarjang Enclave,
 New Delhi - 110029.

Registered Office & Works

A-589, Industrial Complex,
 Bhiwadi - 301019
 Distt. Alwar (Rajasthan)
 Tel: 20934, 20034,20412.
 Fax No. 01493-20512.

Head Office and Share Department

OSHU HOUSE,
 344/3, Lado Sarai,
 New Delhi - 110 030.
 Tel.6856600,6856700
 Fax - 011-6850500.

Contents

Notice	1
Director's Report	5
Auditor's Report	9
Balance Sheet	12
Profit & Loss Account	13
Schedule to Balance Sheet	14
Schedule to Profit & Loss Account	15
Notes to Accounts	22
Additional Information	25
Cash flow Statement	28



NOTICE

Notice is hereby given to the members of Hi-Tech Gears Ltd that the 12th Annual General Meeting of the Company will be held on Wednesday the 16th day of September 1998, at 11.00 A.M. at the Registered Office of the Company at A-589, Industrial Complex, Bhiwadi - 301019 Distt. Alwar (Rajasthan) to transact the following Business:

ORDINARY BUSINESS

- 1) To receive, consider, and adopt the Audited balance Sheet as at 31st March 1998 and Profit and Loss Account for the year ended on that date together with the Auditors and Directors Report thereon.
- 2) To declare Dividend on Equity shares.
- 3) To appoint a Director in place of Sh. Anil Khanna who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Sh. K.L. Kalra who retires by rotation being eligible offers himself for reappointment.
- 5) To appoint Auditors of the company.

SPECIAL BUSINESS

- 6) To consider and if thought fit to pass with or without modification(s) the following resolution as ordinary resolution:

"Resolved that pursuant to section 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and in modification of the earlier resolution passed in the 11th Annual General Meeting of the Company held on 11th September 1997, approval be and is hereby accorded to the payment of remuneration to Sh. Deep Kapuria, Managing Director of the Company w.e.f. 1-4-1998 till the expiry of present tenure of

his appointment i.e. upto 31-12-2001, of the terms and conditions set out below:-

1. Salary : Rs. 40,000/- in the scale of Rs. 40,000-10,000-80,000/- per month.
2. Commission : @ Rs. 3% of the net profit of the company computed in the manner in Section 309(5) of the Companies Act 1956, after the profits of the Company are ascertained in it.

Perquisites: as under:

- (i) Housing : The expenditure on hiring furnished accommodation will be subject to the ceiling of 60% of the Salary over and above 10% payable by Mr. Deep Kapuria.
- (ii) Gas, Electricity, Water etc: The expenditure on gas, electricity, water and furnishings shall be valued as per income tax Rules 1962 subject however to the ceiling of 10% of salary.
- (iii) Medical Reimbursement: Expenses incurred for self and family as per Company Rules, and hospitalisation expenses incurred on prescribed diseases and ailments as per Income Tax Act.
- (iv) Leave Travel Allowance: Leave Travel Allowance for self and family once in a year in accordance with the Rules of the Company.
- (v) Club Fees: Fees of the clubs subject to a maximum of two clubs provided that no life membership or admission fee will be allowed.
- (vi) Personal Accident Insurance as per the rules of the company.
- (vii) Pension/Superannuation: Company's contribution towards pension/superannuation funds as and when introduced as per Rules of the Company for the time being in force but such contribution with company's contribution towards provident fund shall not exceed 25% of the salary



HI-TECH GEARS LIMITED

or such other increased amount provided that the same is not taxable under the Income Tax Act.

- (viii) Provident Fund: Company's contribution towards provident fund as per Rules of the Company.
- (ix) Gratuity: Gratuity not exceeding half months salary for every completed year of service.
- (x) Use of Car: Free use of Company's Car with driver for the business of the Company.
- xi) Telephone: Free use of telephone at the residence of the Managing Director, however the personal long distance calls shall be billed by the company to the Managing Director.
- xii) Earned/Privilege Leave: One month leave with full salary and perquisites for every eleven months of service.

"Resolved further that the Board of Directors be and are hereby authorised to accept and incorporate all modifications in the above said terms and conditions as may be suggested by The Industrial Finance Corporation of India Ltd (IFCIL) while according approval to the said modification.

"Resolved further that the aggregate remuneration of the Managing Director shall not exceed 5% of the net profit of the financial year and the total remuneration payable to all the working directors put together shall not exceed 10% of the net profit in a financial year.

"Resolved further that in the event of Loss or inadequacy of profit in any financial year the Managing Director's remuneration shall be subject to the ceiling prescribed in Section II, Part II of Schedule XIII of the Companies Act, 1956.

- 7) To consider and if thought fit to pass with or without modification(s) the following

resolution as special resolution:

Resolved that if and when permitted by the law and subject to the provisions of the Companies Act, 1956 and all other applicable provisions of the law, and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the board of directors of the company as may be prescribed or imposed while granting such approvals permissions and sanctions which may be agreed to or accepted by the board, consent of the company be and is hereby accorded to the board to purchase such number of equity shares or other securities specified by the government, of the company, as may be thought fit by the Board from the holders of the equity shares or other securities of the company in such proportion and manner as may be permitted by law, not exceeding 10% of the present paid up capital of the company, from such funds of the company as are permitted to be used for this purpose or out of proceeds of any issue made for this purpose, on such terms and subject to such conditions as may prescribed by law.

Resolved further that the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable for the purpose of giving effect to this resolution and to settle all such questions or difficulties whatsoever as may arise with regard to the said purchase of equity shares or other securities.

By Order of the Board of
Hi-Tech Gears Ltd.

Place: New Delhi
Date : 25-7-1998.

(Praveen Jain)
Company Secretary.

**NOTES:**

- (1) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be received at the registered office of the company not less than 48 hours before the meeting.
- (2) The Register of Members and the Share transfer books will remain closed from Tuesday 8th September 1998 to 15th September 1998 (both days inclusive)
- (3) If dividend on shares as recommended by the Board of Directors is passed at the Meeting, payment of such dividend will be made to those members whose names appear in the Register of Members on 15th September 1998.
- (4) Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
- (5) An explanatory statement as required Under section 173(2) of the Companies Act 1956 in respect of the Special Business is annexed hereto:

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**Explanatory statement pursuant to Section 173(2) of the Companies Act 1956.****Item No.6.**

In the Annual General Meeting of the Company held on 11th September 1997 the shareholders had approved payment of remuneration @ 5% of the net profits of the company in a financial year. It is considered advisable that the remuneration payable to the Managing Director should be specific amount payable by way of salary, commission, and value of perquisites. Accordingly, the Board of Directors in their meeting held on 25th July 1998 have recommended the net of remuneration to Sh. Deep Kapuria for the remaining period of his tenure i.e. from 1-4-98 to 31-12-2001, at the rates specified in the resolution.

The Board Commends the resolution for approval by the Members.

Sh. Deep Kapuria himself and Sh. Digvijay Kapuria being relative to him are interested and concerned in the resolution.

This may also be considered an intimation regarding the variation in the term of appointment and remuneration of Sh. Deep Kapuria, Managing Director and the memorandum of interest of the Directors, pursuant to Section 302 of the Companies Act 1956.

Item No.7

The Companies Act, 1956, presently does not allow a Company to purchase its own shares/ other securities. However, it is anticipated, as envisaged in the Companies Bill 1997 also, the Government may soon allow buy back of shares/other securities by the Companies. The Board of Directors of the Company is of the view that proposed buy back of shares upto 10% of the paid up share capital of the company is in the interest of the company. The resolution which is an enabling provision if approved by the shareholders of the company and allowed as per the law will be executed as per the applicable provisions of Law.

The Board of directors recommend passing of this resolution.

None of the directors of the company is, in any way concerned or interested in this resolution, except to the extent of their existing holding in the share capital.



DIRECTORS REPORT

Your Directors have pleasure in presenting the 12th Annual Report of the Company together with the audited Balance Sheet and Profit and Loss Account for the year ended 31st March 1998.

Working Results

The Financial Results for the year ended 31st March 1998 are as under:-

Item	(Rs. in lakhs)	
	Year ended 31-3-1998	Year ended 31-3-1997
Sales	4140.08	2868.35
Other Income	20.70	46.66
	4160.78	2915.01
Manufacturing cost	2358.15	1532.42
Excise Duty	514.22	358.92
Other cost	644.65	460.47
Depreciation	193.15	154.79
Financial charges	300.93	275.03
Provision for taxation	10.00	17.50
Income Tax of earlier year	0.00	0.11
	4021.10	2799.24
Net Profit		
(rounded off)	139.68	115.77
Provision for Dividend	41.06	41.06
Tax on Dividend	4.11	4.11
Balance carried to General Reserve	15.00	8.50
Balance surplus in P&L	79.51	62.10

The net profit after providing for depreciation during the year was Rs.139.68 lacs as against Rs.111.66 lacs during the previous year.

Current Performance and Future Prospects

The Financial Year 1997-98

Your company kept up its pace of growth and revenue have increased by 42.74%. There has

been steady pressure on costs and despite severe constraints your company has managed to increase its Net Profit by 20.65%.

The automotive sector as indeed the rest of the economy, is facing an acute recession. Your company has maintained its philosophy of investing in core technology ensuring steady growth in the business revenue. Besides this your company has undertaken a very serious effort at controlling costs without compromising on quality. This is essential to achieve global standards & bench mark what we are aiming to achieve.

The present scenario with the depreciation of the rupee during last couple of months there is a keen interest to source components from India by the global majors. Your company is keen to encash this opening for the future.

Directors

Mr. Anil Khanna and Sh. K.L. Kalra, Directors of the Company are retiring by rotation, being eligible offer themselves for reappointment.

Auditors

M/s. Gupta Vigg & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The company has received a certificate from the Auditors that in case they are appointed as Auditors in the ensuing Annual General Meeting the same will be within the limit specified under section 224(1B) of the Companies Act, 1956. The Board recommends their appointment.

Dividend

Your Directors have the pleasure of announcing a dividend of Rs.1.75 (Rupees One and paise seventy five only) per equity share of Rupees 10/- (Ten) each on 23,46,000 equity shares for the year ended 31-03-1998. The dividend if approved by the members at the forthcoming



HI-TECH GEARS LIMITED

Annual General Meeting will, be paid within 42 days of the declaration.

Public Deposits

During the year the company neither invited nor accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and Rules made there under.

Personnel and Industrial Relations

The relationship among the members of Hi-Tech Family remained cordial throughout the year. The Board wish to place on record their deep appreciation to all levels of its family members for their whole hearted support and cooperation. The company believes that its people are its main assets, it is with only continued training and enhancement of skills of people can the company grow to world class standards. The Management hopes to have congenial atmosphere in the future years to come. Further, as a step towards achieving Total Quality Management (TQM) the workforce is being regularly exposed to professional training programs so as to acquaint and orient them to work on world class technology standards.

Particulars of Employees

A statement containing particulars of employees as required under Section 217(2-A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules 1975 is given in the Annexure - I, which forms a part of this report.

Conservation of Energy, Technology Absorption etc.

The information regarding conservation of energy, technology absorption, foreign exchange inflow and outflow pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 has been

given in Annexure - II to this Report and form a part of this Report.

Acknowledgment

The Directors of your company wish to thank you, The Industrial Finance Corpn of India Ltd, The Industrial Credit and Investment Corporation of India Ltd, ICICI Banking Corporation Ltd, State Bank of Bikaner & Jaipur, Hero Honda Motors Ltd, Shriram Honda Power Equipments Ltd, Escorts Ltd, Tata Cummins Ltd, for their valued support and hope to receive the same in future.

**BY ORDER OF THE BOARD.
for HI-TECH GEARS LTD.**

Lt.Gen.(Retd) J.K. Khanna
Chairman.

Place : New Delhi
Date : 25-7-1998.

**Annexure - I**

Statement of particulars of employees pursuant to the provisions of Section 217(2-A) of the Companies Act, 1956 as amended by the Amendment Act, 1988 read with the Companies (Particulars of Employees) rules 1975 as amended forming part of the Directors Report for the financial year ended 31st March 1998.

Name & Designation	Age	Remuneration (Rs)	Qualifi- cation	Experi- ence	Date of employ- ment	Last employ- ment
Deep Kapuria Managing Director	48	11,55,535/-	BE(Hons)	26 yrs	1-1-87	Business
Digvijay Kapuria Jt Managing Director	43	7,19,912/-	B.Com	20 yrs	1-1-87	Business

Note:

Information has been furnished on the basis of employees employed throughout the year, who were in receipt of remuneration for the year in aggregate was not less than Rs.3,00,000/ and those employed for the part of the year, in receipt of remuneration for any part of the year at a rate which in aggregate was not less the Rs. 25,000/- per month.

Remuneration includes salary, allowances/payments and expenditure on perquisites and company's contribution to provident Fund.

All appointment are not contractual except those of Mr. Deep Kapuria and Mr. Digvijay Kapuria.

None of the employees is in receipt of remuneration in excess of that drawn by the Managing Director and hold by himself or alongwith his spouse and dependent children two percent or more of the equity shares of the Company.

None of the employees is related to the Director of the Company except Mr.Deep Kapuria and Mr.Digvijay Kapuria who are related to each other.