16th Annual Report

Hi-Tech Gears Limited

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Board of Directors

Mr. Deep Kapuria - Chairman & Managing Director.
Mr. Anil Khanna - Director
Mr. K.L. Kalra - Director
Mr. Pranav Kapuria - Whole - Time Director

Senior Executives

Mr. Sushant Jain - Sr. General Manager (Operations)
Mr. Deepak Rai - General Manager (Corporate Affairs)
Mr. Bharat Singh - General Manager (HR)
Mr. Vijay Mathur - Asst. General Manager (Finance)

Principle Officer

Mr. Praveen Jain - Company Secretary

Auditors

M/s. Gupta Vigg & Co.
Chartered Accountants
86, South Park Apartments,
Kalkaji, 'B' Block,
New Delhi - 110019.

Bankers

ICICI Bank Ltd.
9A, Phelps, Connaught Lane,
New Delhi - 110001.

State Bank of Bikaner & Jaipur,
Safdarjung Enclave Branch,
New Delhi - 110029.

Registered Office & Works

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

Head Office and Share Department

OSHU HOUSE,
344/3, Lado Sarai,
New Delhi - 110030
Tel: 6856600, 6856700
Fax - 6850500
E-Mail - hgl@nda.vsnl.net. in

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NOTICE

Notice is hereby given to the members of Hi-Tech Gears Limited, that the 16th Annual General Meeting of the Company will be held on Tuesday, the 25th day of June, 2002, at 11.00 A.M., at the Registered Office of the Company, at A-589, Industrial Complex, Bhiwadi - 301019 (Rajasthan), to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2002 and Profit and Loss Account for the year ended on that date together with the Auditors and Directors Reports 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 re-appointment.

4. To appoint a director in place of Sh. Pranav Kapuria, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

6. Re-appointment and Fixation of Remuneration of Sh. Deep Kapuria, Managing Director.

   To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution.

   "Resolved that pursuant to Section 269, 198,309,310,311,316 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded to the re-appointment of and payment of remuneration to Sh. Deep Kapuria, Managing Director, of the Company, who is also Managing Director of M/s. Getrag Hi-Tech Gears (India) Private Ltd, for a period of 5 (five) years w.e.f. 01-01-2002 on the terms and conditions set out below:-

1. Salary: Rs. 80,000/- in the scale of Rs. 80000-20000-180000/- per month.

2. *Commission: @ 3% of the net profit of* the company computed in the manner specified in Section 309(5) of the Companies Act 1956, after the profits of the company are ascertained.

3. 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 the appointee. In case of own house 'HRA' @ 60% of the monthly salary shall be payable to the appointee.

(ii) Gas, Electricity, water etc:- The expenditure on Gas, Electricity, Water and furnishing shall be on actual basis, subject, however, to the ceiling of 10% of the Salary.

(iii) Medical Reimbursement: Expenses incurred for the appointee and his family subject to a ceiling of one month's salary in a year or three month's salary in a year over a period of three years.

(iv) Leave Travel Concession:- For the appointee and his family, once in a year incurred in accordance with the Rules specified by the Company.

(v) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not

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include admission and life membership fee.

(vi) Personal Accident Insurance: Premium not exceeding Rs. 4,000/- per annum.

(vii) Provident Fund: Company's contribution towards provident fund as per the rules of the Company consistent with Government Rules.

(viii) Gratuity: Not exceeding half month's salary for every completed year of service.

(ix) Earned/Privilege Leave: One month leave with full salary and perquisites for every eleven months' 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, long distance personal calls shall be billed to him by the Company.

"Resolved further that the aggregate remuneration of the Managing Director shall not exceed 5% of the net profit, in any, 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 appointee shall be paid remuneration at the rates specified above, subject to approval, if any, required from the Central Government under Schedule XIII of the Companies Act, 1956".

By Order of the Board
For Hi-Tech Gears Limited

Sd/-
Praveen Jain
(Company Secretary)

Place: New Delhi
Date : 25.05.2002

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 18th June 2002 to 25th June, 2002 (both days inclusive). The Book Closure is for the purpose of Dividend.

3. If dividend on shares as recommended by the Board of Directors is approved at the Meeting, payment of such dividend will be made to those members whose names appear in the Register of Members on 25th June 2002.

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, is annexed hereto with regards to the special business.

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Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5

Sh. Deep Kapuria was reappointed as Managing Director of the Company for a period of five years w.e.f. 1-1-1997 for which approval was accorded by the members in the 11th Annual General Meeting held on 11th September 1997. This period has expired on 31-12-2001. Considering the contribution made by Sh. Deep kapuria for the growth of business of the Company and his managerial expertise, your Board of Directors has re-appointed Sh. Deep kapuria as Managing Director of the Company for a further period of five years w.e.f 1-1-2002 to 31-12-2006, in their meeting held on 26th November 2001, subject to your approval.

Sh. Deep Kapuria aged 52 years holds the degree of Bachelor of Engineering (Honours) from B.I.T.S. Pilani. He had also completed the Advance Management Program from Indian Institute of Management, Ahmadabad,1989. Besides this he had passed Lead Assessor Course for ISO 9000 from U.K. in 1993 and also completed the Owner Management Program in 1998-1999 from Harvard Business School, U.S.A.

In addition he had underwent Industrial training in reputed engineering corporation in USA & Germany. He has also to his credit membership of several trade and industry associations in the country. He is presently Vice President in Automotive Component Manufacturers Association (ACMA). Thus Sh. Deep Kapuria is highly qualified and experienced Industrialist especially in the field of Gears Manufacturing and designing. He is the promoter director of your company since inception. He has been associated with the company during his tenure as Managing Director, your company has registered tremendous growth in business volume and profitability. Your Directors feel that the re-appointment of Sh. Deep Kapuria as Managing Director is in the best interest of the Company. The Board therefore, commends the resolution for approval of the members.

Sh. Deep Kapuria and Sh. Pranav Kapuria, Directors may be deemed to be interested in the resolution. No other directors interested or concerned in the resolution.

This may also be treated as an abstract of terms of appointment of the Managing Director and the Memorandum of Interest of the Director pursuant to Section 302 of the Companies Act 1956.

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Directors Report

Dear Members,

The Directors of your Company have the pleasure in presenting their report and Statement of Accounts for the year ended 31st March, 2002.

Financial Results

The high lights of the financial performance of the Company is as under:-

Item	2001-2002	(Rs. in lacs) 2000-01
Sales	10328.74	9492.51
Other Income	63.74	38.05
	10392.48	**9530.56**
Mgf. Cost	5637.45	5470.79
Excise Duty	1402.74	1216.31
Other Cost	1540.05	1418.38
Depreciation	387.47	304.26
Financial Charges	303.90	318.26
Prov. For Tax.	400.00	300.00
Income Tax For Earlier Years	Nil	Nil
	9671.61	**9028.00**
Net Profit After Tax	720.87	502.56
Balance of P & L Brought Forward	593.69	436.74
Utilisation Reserve	Nil	Nil
	1314.56	**939.30**
Appropriations:		
Dividend	150.15	126.68
Tax On Dividend	5.74	18.93
Tfr. to G. Reserve	300.00	200.00
Deferred Tax Liability	36.68	Nil
Balance Surplus in P & L Account	821.99	593.69

Performance

The Financial year 2001-2002 has ended with a satisfactory note. Your Company surpassed the budgeted turnover and has achieved a turnover of Rs. 10328.74 lac, recording an increase of 8.81%. The Net profit (after tax) of the Company has increased from Rs. 502.57 lac to Rs. 720.88 lac thereby recording an increase of 43.44%.

Operations

The year under review was tough for the auto-component industry in particular and the Indian Economy as a whole. Your company has been able to achieve the budgeted sales. The E-Soft Division, engaged in the designing of the auto component with the help of State of the Art Software like Pro Engineer and Windchile, has also shown encouraging results.

Exports

Owing to the global recession in the automobile industry, export performance of your Company, like other companies, faced many challenges specifically slump in the truck sales in the US, was lower this year as compared to the previous year. In this direction your Company has achieved the exports turnover of Rs. 216.67 Lac during the year under review as compared to Rs. 606.68 lac during the previous year.

Dividend

An interim dividend @ 12% (i.e., Rs.1.20/- per equity share of Rs. 10/- each) amounting to Rs.56,30,400/- lac was declared and paid during the year 2001-2002, on 26th November 2001. The Directors now recommend to the shareholders a final dividend @ 20% (i.e., Rs. 2/- per equity share of Rs.10/- each) for the year ended 31st March, 2002, which together with the interim dividend already declared and paid by the Board of Directors

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shall make a total of 32% (i.e., Rs. 3.20 per equity share) for the year under review. The dividend would be payable to the shareholders whose names appear on the register of members as on 25th June 2002.

Listing of Shares

With a view to provide higher liquidity in the shares of the Company, the Directors of your Company had made an application and have got enlisted the equity shares of the Company at the National Stock Exchange, Mumbai, with effect from January 21st, 2002.

The Equity share of your Company are also listed at the Jaipur, Delhi and Mumbai Stock Exchanges and pursuant to Clause 38 of the Listing Agreement, the annual listing fees for the year 2002-2003 has been duly paid.

Corporate Governance

Clause 49 of the listing agreement with the stock exchanges, regarding the Corporate Governance is required to be imple-mented by the Company within the financial year 2002-2003. Steps have already been initiated to implement the provisions of the said clause in the current financial year.

Dematerialization of the equity shares

As the members are aware that, your Company had entered into an agreement with National Securities Depository Limited (NSDL), and Central Depository Services (India) Limited, (CDSIL), in accordance with the provisions of the Depositories Act, 1996, for admitting the equity shares in both the Depositories. Till date the Company has received and confirmed dematerialization of 45,34,972 equity shares (96.65%) out of the total paid up capital of 46,92,000 equity shares.

Keeping in view the benefits of dematerialization, the Directors of your Company recommend to the shareholders holding shares in physical form to get their shares dematerialised.

Directors

Sh. Anil Khanna and Sh. Pranav Kapuria, Directors of the Company who retire by rotation at the ensuing Annual General Meeting and being eligible they offer themselves for re-appointment.

Directors Responsibility Statement

In compliance of Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors of your Company confirm :

1. that the applicable accounting standards have been followed in the preparation of final accounts and that there are no material departures.

2. that such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2002 and of the profit of the Company for the year ended on that date.

3. that 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. that the annual accounts have been prepared on a going concern basis.

Particulars of the Employees

Information in accordance with the provisions

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of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, is given in Annexure 'I', to the Directors Report.

Environment, Safety and Energy conservation

Safety and Environment Management continues to be a key result area for your Company. The corporate vision for safety envisages zero accidents as the only acceptable standard of performance. Details of Energy Conservation and Research & Development activities undertaken by the Company along with the information in accordance with the provisions of Section 217(1) (e), of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988, are given in the Annexure 'II' to the Directors Report.

Trade Relations

The Board of Directors wish to place on record their appreciation for the co-operation and support received from the customers, the suppliers and all other persons associated with the Company. Your Company regards them as partners and shares with them vision of growth in the future.

Public Deposits

During the year under review your Company neither invited nor accepted any deposit with in the meaning of Section 58-A of the Companies Act, 1956, and rules made there under.

Personnel

The Board wishes to place on record its appreciation for the untiring efforts made by the employees of the organisation at every level. The efforts to create a family like atmosphere continued through out the year. Like many years gone by, this year also witnessed increased cohesion among all levels of employees, which is evident from the performance of the Company. Training and Development provided further impetus and have been largely responsible for the all round improved performance.

Auditors

M/s Gupta Vigg & Company, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting of the Company. 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 commends their reappointment.

Acknowledgement

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

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

Place : New Delhi. Pranav Kapuria
Dated : 25-05-2002 Whole Time Director

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Annexure - I

Statement of particulars of employees pursuant to the provisions of Section 217(2A) 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 2002.

Name & Designation	Age	Remuneration (Rs)	Qualification	Experience	Date of employment	Last employment
Deep Kapuria Managing Director.	52	49.69 Lacs	BE. (Hons)	30 Yrs.	01.01.1987	Business
Pranav Kapuria Whole-Time Director	26	42.58 Lacs	B. Com, M.B.A.	2 Yrs.	01-08-2000	-

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. 12,00,000/- (the given limit is now increased to Rs. 24,00,000/- by the notification dated April 17th, 2002 passed by the Department of Company Affairs) 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 than Rs. 1,00,000/- per month (the given limit is now increased to Rs. 2,00,000/- by the notification dated April 17th, 2002 passed by the Department of Company Affairs).

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

The appointments of Mr. Deep Kapuria & Pranav Kapuria are contractual.

None of the employees is in receipt of remuneration in excess of that drawn by the Managing Director or Whole-Time Director or Manager and holds by himself or along with his spouse and dependent children two percent or more of the equity shares of the Company.

None of the employees is related to the Directors of the Company. Mr. Deep Kapuria and Mr. Pranav Kapuria are related to each other.

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Annexure - II

A. Conservation of energy

Energy conservation measures taken by the Company:

The Company is aware of the need to conserve energy. The Company has been consistently monitoring its power factors. New ideas are being adopted across the shop floor to conserve energy and promote efficiency of operation.

B. Technology Absorption

Efforts made in Technology Absorption.

Mr. Pranav Kapuria, your director has initiated the implementation and absorption of Lean Manufacturing in your company. His efforts in this direction have already yielded encouraging results on the shop floor. Mr. Kapuria is also responsible for implementation of Six Sigma and 5S in the factory.

Your Company has continuously endeavoured to acquire world class technology in both hardware and software.

These efforts shall ensure that the above said technology and the work culture is dissipated and allowed to percolate down the entire organisation.

i) Specific Areas in which Research and Development Carried out by the Company

R & D was carried in product development, process development, energy conservation, environment protection, cost reduction and automation.

ii) Benefits Derived

With the installation of various additional equipment's it was possible to achieve consistency in production and quality of finished product.

iii) Future Plan of Action

(a) Reduction in process losses
(b) Development of New Product

iv) Expenditure on R & D

Development and improvement of *products is an in built and ongoing activity* within existing manufacturing facilities. Expendi-ture on R & D is not separately allocated and identified.

C. Foreign Exchange Earnings and Outgo

The details of Foreign Exchange inflow and outflow are as under:-

		(Rs. in lacs)
Inflow	:	290.99
Outflow	:	245.19
Capital Equipment	:	194.80
Others	:	50.39

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