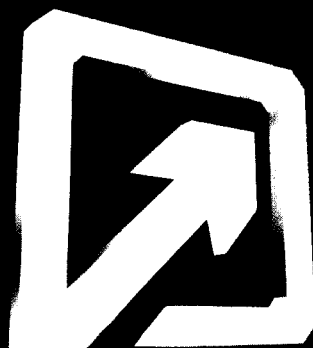


CUSTOMER
VALUE



Hi-Tech Gears Ltd.

18TH ANNUAL REPORT - 2003 / 2004



HI-TECH GEARS LIMITED

Registered Office & Works

A-589, Industrial Complex,
Bhiwadi 301019
Dist. Alwar, (Rajasthan)
Tel: (01493) 220934, 220034,
220412, Fax No. (01493) 220512

Head Office

OSHU HOUSE,
344/3, Lado Sarai, New Delhi 110030.
Tel: (011) 29523260 & 29522700
Fax No. (011) 29523500
Email: info@hitechgears.com

Corporate Office

14th Floor, Tower- B, Unitech's
Millennium Plaza,
Sector 27, Gurgaon, Haryana.

Registrar & ShareTransfer Agent

Mas Services Private Limited,
AB-4, Safdarjung Enclave,
New Delhi 110029,
Tel: (011) 26104142 & 26104326,
Fax: (011) 26181081
Email : mas@vsnl.com

Report

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HI-TECH GEARS LIMITED

NOTICE

Notice is hereby given to the members of Hi-Tech Gears Limited, that the 18th Annual General Meeting of the company will be held on Monday the 16th day of August, 2004, 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 March 31, 2004, and the 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 Mr. Pranav Kapuria, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. K.L. Kalra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors' of the company and to fix their remuneration.

SPECIAL BUSINESS

6. Voluntary de-listing of equity shares.

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

"RESOLVED THAT pursuant to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed thereunder, the Listing Agreements with the Stock Exchanges, Clause 5.2 of the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003, and all other applicable laws, rules, regulations and guidelines, if any, and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions, and sanctions, which may be agreed to by the Board of Directors (hereinafter referred to as 'the Board', which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board), the consent of the members be and is hereby accorded to the Board for voluntary de-listing of the equity shares of the company from the Jaipur Stock Exchange Limited, Jaipur and the Delhi Stock Exchange Association Limited, Delhi, provided that the equity shares of the company shall continue to be listed on Mumbai Stock Exchange, Mumbai and National Stock Exchange, Mumbai.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all steps necessary to give effect to this resolution and to do all such acts, deeds and things etc., as may be necessary or expedient in this connection. The board of directors are also hereby authorised to make an application(s) or execute any document(s)/deed(s) which may be required by the Jaipur Stock Exchange Limited, Jaipur and the Delhi Stock Exchange Association Limited, New Delhi."

**By Order of the Board
of Hi-Tech Gears Limited**

Sd/-

Place: New Delhi

Praveen Jain

Date : May 21, 2004 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/herself 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 August 07, 2004, to August 16, 2004 (both days inclusive).
3. If dividend on shares as recommended by the Board of Directors is declared/approved at the Annual General Meeting, payment of such dividend will be made to those shareholders whose names appear in the Register of Members as on August 16, 2004. In respect of the shares held in electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the depositories for this purpose.
4. Members desiring any information with regards to 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. As per the circular issued by Securities & Exchange Board of India (**SEBI**), the companies should mandatorily use the facility of Electronic Clearing Services (**ECS**), for distribution of dividends to its members. Accordingly, dividend, if declared by the shareholder at the Annual General Meeting, shall be paid through ECS, wherever applicable.
6. As per the regulations of National Securities Depository Limited (**NSDL**) and Central Depository Services (India) Limited, (**CDSL**) the company is obliged to print the bank details on the dividend warrants as furnished by NSDL & CDSL (the Depositories) to the company and the company cannot entertain any request for deletion/change of bank details already printed on the dividend warrants as per information received from the concerned depositories. In this regard, members are advised to contact their depository participant (DP) and furnish the particulars of any change desired by them and in case they wish to avail ECS facility, then accordingly furnish the details in necessary format to their DP only.
7. Pursuant to the provision of Section 205A of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of seven years from the date of transfer of the amount to unpaid dividend account, would be transferred to the Investor Education and Protection Fund and the shareholders would not be able to make any claims as to the amount of dividend so transferred to the fund. Hence, the shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the company immediately for claiming outstanding dividends declared by the company since 1996-97.
8. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, is annexed hereto with regards to the Special Business.
9. Information pursuant to Clause 49 VI (A) of the Listing Agreement, is annexed hereto with regard to the re-appointment of directors.



Explanatory Statement

Pursuant to Section 173(2) of the Companies Act, 1956

The equity shares of the company are presently listed on four stock exchanges namely Jaipur Stock Exchange Limited, Jaipur and the Delhi Stock Exchange Association Limited, Delhi, Mumbai Stock Exchange, Mumbai and National Stock Exchange, Mumbai.

The Securities and Exchange Board of India (De-Listing of Securities) Guidelines, 2003, Clause 5.2, permits a company to get its securities voluntarily de-listed even from the Regional Stock Exchange provided the securities continue to be listed on a stock exchange(s) having nation-wide trading terminals. The equity shares of your company are listed on the Stock Exchange, Mumbai, and the National Stock Exchange of India Limited having nation-wide trading terminals and investors can easily access to them for online dealings in the company's securities across the country.

It has been noticed that in the last few years there has been no trading of the shares of the company on the Delhi and the Jaipur stock exchanges or the shares have been traded very thinly on these stock exchanges. At the same time the company is paying annual listing fee to the Delhi and Jaipur stock exchanges even though no significant service is being received by the shareholders of the company from these stock exchanges. Besides this, several compliances have to be made to these stock exchanges by submission of various returns/information from time to time which involves time as well as cost to the company.

In view of the said situation your Board of Directors considers that no useful purpose is being served by continuing the listing of the equity shares of the company on the Jaipur and Delhi stock exchanges and in these circumstances it is proposed that the equity shares of the company be voluntarily de-listed from the Jaipur Stock Exchange and the Delhi Stock Exchange. The equity shares of the company shall, however, continue to be listed on the Mumbai Stock Exchange and National Stock Exchange which have got nation-wide trading terminals and the shareholders of the company shall continue to have the benefits of trading on these nation-wide stock exchanges.

The de-listing will take effect after all approvals, permissions and sanctions are received. The exact date on and from which the de-listing will take effect would be suitably notified.

Pursuant to the Securities and Exchange Board of India (De-Listing of Securities) Guidelines, 2003, a Special Resolution is required to be passed for voluntary de-listing of securities. Hence, the Board of Directors commends the resolution for your approval.

None of the Directors of the company is in any way concerned or interested in the resolution except as shareholders of the company, wherever applicable.



**Information pursuant to Clause 49 VI (A) of the Listing Agreement
Forming part of Notice calling 18th Annual General Meeting**

- I. Mr. Pranav Kapuria, Whole-Time Director, joined the company in the year 2000. Mr. Pranav Kapuria retires by rotation at the 18th Annual General Meeting and being eligible offers himself for reappointment. The details as per Clause 49 are as under:

Name	:	Mr. Pranav Kapuria
Date of Birth	:	July 16, 1975
Father's Name	:	Mr. Deep Kapuria
Address	:	OSHU House, 344/3, Lado Sarai, New Delhi 110030.
Qualifications	:	Bachelor of Commerce with Honours from Delhi University.
	:	MBA from Cardiff Business School , University of Cardiff, U.K.
	:	Certificate Program in Lean Manufacturing from University of Michigan, College of Engineering USA.
Nature of Expertise	:	Lean Manufacturing
Other Directorship	:	Hi-Tech Portfolio Investments Ltd.
	:	Hi-Tech & Associates Pvt., Ltd.
	:	Getrag Hi-Tech Gears (India) Pvt., Ltd.
	:	Hi-Tech Robotic Systemz Inc.

- II. Mr. K.L. Kalra, joined the company as a director in the year 1997. Mr. Kalra retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment. Mr. K.L. Kalra, has a vast experience of 39 years, in the fields of Personnel, Development, Auditing, Planning, Operations, Management, Accounts and Inter Branch Reconciliation. Moreover, he retired as the General Manager, Central Bank of India in the year 1989. The details as per Clause 49 are as under:

Name	:	Mr. K.L. Kalra
Date of Birth	:	July 30, 1929
Father's Name	:	Late. Mr. Gokul Chand
Address	:	OSHU House, 344/3, Lado Sarai, New Delhi 110030.
Qualifications	:	B.A ; CAIIB ; LLB
Nature of Expertise	:	Planning & Development; Finance; Statutory Audits; Personnel; Operations; Management; Accounts; Inter Branch Reconciliation.
Other Directorship	:	S.L.D Auto Limited.



HI-TECH GEARS LIMITED

18th Directors' Report

Dear Members,

With enormous pleasure your Directors present their 18th Annual Report of your company together with the audited statement of accounts for the financial year ended on March 31, 2004.

Financial Results

The highlights of the financial performance of the company are as under:-

	(Rs. in lacs)	
Item	2003-04	2002-03
Sales	13887.76	11,798.04
Other Income	24.28	76.69
	13912.04	11,874.73
Mgf. Cost	8331.33	6,806.62
Excise Duty	1630.07	1,528.38
Other Cost	2100.79	1,780.64
Depreciation	660.01	440.45
Financial Charges	347.71	300.39
Prov. for Tax	262.00	380.00
Deferred Tax Liability	54.92	(31.07)
	13386.83	11,205.41
Net profit after tax	525.21	669.32
Balance of profit brought forward	771.05	513.46
	1296.26	1182.78
Appropriations:		
Dividend	211.14	187.68
Tax on dividend	27.06	24.05
Tfr. to G. Reserve	200.00	200.00
Balance Surplus in P & L Account	858.06	771.05
	1296.26	1182.78

Performance

The financial year 2003-04 has ended with a challenging note. Your company surpassed the budgeted turnover and has achieved a turnover of Rs. 13,912.04 lac, recording an increase of 17.16%. The net profit (after tax) of the company has declined by 21.53% from Rs. 669.32 lac to Rs. 525.21 lac. The years under review witnessed unprecedented spurt in the steel prices. The prices have risen more than 70% and affected the bottom line of the company adversely. The profit margins are lower as compared to the last year. The company is taking steps to embrace the latest shop floor technologies like Lean Manufacturing, 6 Sigma, 5 S, Just-in-Time, etc. The over all shop floor efficiency has increased. These efforts put together have helped the company to remain profitable.

Operations

The year under review was tough for the auto-component industry in particular and the Indian Economy as a whole. Even though your company had been able to achieve the budgeted sales but the net profit of company decreased mainly due to unprecedented rise in the steel price. The E-Soft division engaged in the designing of auto component with the help of State of the Art Software like Pro Engineer and Windchill, had achieved consistent results.

Exports

During, the year under review your company has shown a substantial growth in the export of its component, the export performance of your company has shown an impressive achievement by recording a total export turnover (including deemed exports) Amounting to Rs. 1976.36 lacs, as compared to Rs. 1225.07 lacs in the previous year, thus registering an increase of 61.33%.



Dividend

An interim dividend @ 20% (i.e. Rs. 2/- equity share of Rs. 10/- each) on the paid up share capital of the company amounting to Rs. 93,84,000/- was declared and paid during the year 2003-04. The directors now recommend to the shareholders a final dividend @ 25% (i.e. Rs. 2.50/- per equity share of Rs. 10/- each) for the year 2003-04, which together with the interim dividend already declared and paid by the Board of Directors shall amount to 45% (i.e., Rs. 4.50/- per equity share) for the year under review.

If the dividend on shares as recommended by the board of directors is approved by the shareholders at their Annual General Meeting, will be paid to (i) all those equity shareholders whose names appear in the Register of Members as on August 16, 2004, and (ii) to those whose names as beneficial owners are furnished by National Securities Depository Limited and Central depository Service (India) Limited.

Pursuant to the provision of Section 205A of the companies Act 1956, the amount of dividend which remains unclaimed/unpaid for a period of seven years, from the date of transfer of the amount to unpaid dividend account, would be transferred to the Investor Education and Protection fund and the shareholders would not be able to make any claims as to the amount of dividend so transferred to the fund. During the year under review the company had transferred the unclaimed/unpaid dividend amount pertaining to the financial year 1995-96 to the Investor Education and Protection Fund. Hence, the shareholders who have not yet encashed their dividend warrants are requested to write to the company immediately for claiming outstanding dividends declared by the company 1996-97 onwards.

Hi-Tech Robotic Systemz Inc.

During the year under review Hi-Tech Robotic Systemz Inc. was incorporated as a 100% subsidiary of your company in the State of Delaware, USA. The main business activities of the company are in the fields of Robotics, Computer Vision and Artificial Intelligence and dealing in the automobile components. Your company has remitted USD 5,303 (Rs. 2.46 lacs approx) to Hi-Tech Robotic Systemz Inc., till March 31, 2004.

Electronic Clearing Services (ECS)

As per the circular issued by Securities & Exchange Board of India (SEBI), the companies should mandatorily use the facility of Electronic Clearing Services (ECS), for distribution of dividends to its members. Those shareholders who have not yet opted the ECS facility are once again requested to avail the benefits of ECS.

Listing of Shares

The equity shares of the company are presently listed on four stock exchanges namely Jaipur Stock Exchange Limited, Jaipur and the Delhi Stock Exchange Association Limited, Delhi, Mumbai Stock Exchange, Mumbai and National Stock Exchange, Mumbai. It has been noticed that in the last several years there has been no trading of the shares of the company on the Delhi and the Jaipur stock exchanges or the shares have been traded very thinly on these stock exchanges. At the same time the company is paying annual listing fee to the Delhi and Jaipur stock exchanges even though no significant service is being received by the shareholders of the company from these stock exchanges. Besides this, several compliances have to be made to these stock exchanges by submission of various information/documents from time to time which involves time as well as cost to the company.



HI-TECH GEARS LIMITED

In view of the said situation your Board of Directors has proposed that the shares of the company be de-listed from the Jaipur Stock Exchange and the Delhi Stock Exchange. The equity shares shall, however continue to be listed in the Mumbai Stock Exchange, Mumbai and National Stock Exchange which have got nation wide terminals and the shareholders of the company shall continue to have the benefit of trading on these nationwide stock exchange

Further, pursuant to Clause 38 of the Listing Agreement, the annual listing fees for the year 2004-05 has been duly paid within the prescribed time period.

Dematerialisation of equity shares

As the members are aware, 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 March 31, 2004 the company has received and confirmed dematerialisation of 45,78,709 equity shares (97.58%) out of the total 46,92,000 equity shares.

Keeping in view the benefits of dematerialisation, the directors of your company recommend to the shareholders holding shares in physical form to get their shares dematerialised.

Share Transfer System

The shares of the company are traded in the compulsory demat mode for all investors, therefore, the shares sent for transfers in physical form are first registered (if in order and complete in all respect), and a demat option form is sent to the respective shareholder for exercising the option to receive the shares in demat form. On getting the confirmation from the respective shareholders, the shares are

Confirmed to the respective accounts with the depositories participants of National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSIL) as the case may be or returned.

All requests for dematerialisation of shares (if in order and complete in all respect) are processed and confirmed within a period of 21 days.

A committee of two directors, under the nomenclature 'Share Transfer Committee' has been empowered to approve transfer, transmission, demat and other related matters regarding the shares of the company.

Further, pursuant to the Securities & Exchange Board of India (SEBI) circular No. D&CC/FITTC/CIR-15/2002, dated December 27, 2002, the company has appointed M/s. Mas Services Private Limited, a Securities & Exchange Board of India (SEBI) registered Registrar & Transfer Agent, as a common agency for share registry work as well as dematerialisation work.

Directors

Mr. Pranav Kapuria and Mr. K.L. Kalra, directors of the company, 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.