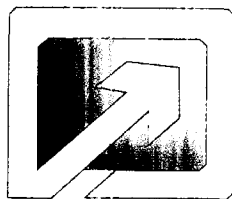


11th Annual Report

1996 - 1997

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	DFY	NA
CO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
VE	<input checked="" type="checkbox"/>		



HI-TECH GEARS LTD.



BOARD OF DIRECTORS

LT. GEN (Retd.) J.K.KHANNA CHAIRMAN
 Mr. H.N. Sonawani (Nominee - IFCI)
 Mr. K.L. Kalra - Director
 Mr. Anil Khanna - Director
 Mr. Deep Kapuria - Managing Director
 Mr. Digvijay Kapuria - Joint Managing Director

Principal Executives

Mr. S.S. Rathore - General Manager (Operations)
 Mr. Deepak Rai - Financial Controller
 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

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)

Head Office and Share Department

OSHU HOUSE,
 344/3, Lado Sarai,
 New Delhi - 110 030.

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HI-TECH GEARS LIMITED

NOTICE

Notice is hereby given to the members of Hi-Tech Gears Ltd that the 11th Annual General Meeting of the Company will be held on Thursday the 11th day of September 1997, 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 1997 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 Shri Anil Khanna who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Lt Gen (Retd) J.K. Khanna 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 Mr. K.L. Kalra, who was appointed as an additional director of the Company on 21-7-97 in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice u/s 257 of the Companies Act 1956 together with deposit of Rs. 500/- as under the Act be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement by rotation."

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

"Resolved that in modification/alteration to the resolution passed by the shareholders in the 10th Annual General Meeting of the Company, held on 25-9-1996, pursuant to section 269, 198,309 and other applicable provisions, if any of the Companies Act, 1956, in accordance with the Articles of Association of the Company and subject to approval of the Central Government, the consent of the Company be and is hereby accorded that Shri Deep Kapuria who has been re-appointed Managing Director w.e.f. 1-1-1997 to 31-12-2001 shall be paid remuneration equal to 5% of the profits of the Company, arrived at in accordance with the relevant provisions of the Companies Act, alongwith 1% commission on the profits of the Company for the professional services being rendered by Shri Deep Kapuria to the Company."

"Resolved further that Board of Directors of the Company be and is hereby authorised to take all such steps expedient or desirable to give effect to this resolution".

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

Place: New Delhi
Date : 21-07-1997.

(PRAVEEN JAIN)
Company Secretary.



HI-TECH GEARS LIMITED

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 the 2nd September 1997 to 10th September 1997 (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 10th September 1997.
- (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**

Mr. K.L. Kalra was appointed as additional director of the company on 21-7-97, as per the provisions of section 260 of the Companies Act, 1956. He has vast experience in Banking and Auditing. The Company has received a notice u/s 257 of the Companies Act, alongwith a deposit of Rs.500/- from a shareholder of the Company signifying his intention to propose the candidature of Shri K.L. Kalra.

Board Commends passing of the resolution.

None of the directors of the Company is either directly or indirectly interested or concerned in the resolution.

Items No. 7

Mr. Deep Kapuria was appointed as Managing Director of the Company for a period of 5 years at the 10th Annual General meeting of the Company held on 25-9-1996. In view of the increased responsibilities and duties in the office of the Managing Director, it is expedient to revise his remuneration. The remuneration proposed is well with in the maximum limits prescribed by sections 198,269,309 and schedule XIII to the Companies Act, 1956. However Commission, 1% of the profits, u/s 309 of the Companies Act is subject to approval of the Central Government.

Except for Mr. Deep Kapuria and Mr. Digvijay Kapuria no other Director is interested in the resolution. Copy of the terms and conditions of revision in remuneration of Mr. Deep Kapuria are open for inspection at the Registered Office of the Company during business hours before the date of the meeting.

The Board recommends adoption of this resolution.

None of the Directors except Shri Deep Kapuria and Shri Digvijay Kapuria is interested in this resolution.



HI-TECH GEARS LIMITED

DIRECTORS REPORT

Dear Member,

Your Directors have pleasure in presenting the 11th Annual Report of the Company together with the audited Balance Sheet and Profit and Loss Account for the year ended 31st March 1997.

Working Results

The Financial Results for the year ended 31st March 1997 are as under:-

Item	(Rs.in lakhs)	
	Year ended 31-3-1997	Year ended 31-3-1996
Sales	2868.35	2096.66
Other Income	46.66	16.87
	2915.01	2113.53
Manufacturing cost	1532.42	1062.99
Excise Duty	358.92	267.19
Other cost	460.47	383.64
Depreciation	154.79	107.25
Financial charges	275.03	173.27
Provision for taxation	21.61	-
Income Tax of earlier year	0.11	0.61
	2803.35	1994.95
Net Profit (rounded off)	111.66	118.58
Provision for Dividend	41.06	23.06
Balance carried to General Reserve	8.50	95.52
Balance surplus in P&L A/c	62.10	-

The net profit after providing for depreciation during the year was Rs.111.66 lacs as against Rs.118.58 lacs during the previous year.

Current Performance and Future Prospects

The Financial Year 1996-97

Your company has shown a steady growth in sales since its inception. Last year was no different. Besides this your company has also achieved the ISO 9002 accreditation. This is a significant development coupled with the fact that the company has started exporting gears to UK and has started the

supply to Tata Cummins Ltd, as a single source supply.

The future of the Indian Automobile Industry is poised at a crucial juncture today and there are many opportunities for your company. Your company has consistently been investing in technology, both hardware and software. This has lent a competitive edge to your company. The acceleration of growth in sales would yield better results in the future with cost reduction exercise being undertaken.

Directors

Mr. Anil Khanna and Lt.Gen(Retd) J.K. Khanna Directors of the Company are retiring by rotation, being eligible offer themselves for reappointment.

Shri K.L. Kalra was appointed as additional Director of the Company on 21-7-1997, under Section 260 of the Companies Act, 1956. He vacates office at the forthcoming Annual General Meeting. The Company has received notice u/s 257 of the Companies Act, 1956 from a member signifying their intention to propose the appointment of Shri K.L. Kalra as Director of the Company.

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 31-03-1997.



The dividend if approved by the members at the forthcoming 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 Corporation of India Ltd, The Industrial Credit and Investment Corporation of India Ltd, State Bank of Bikaner & Jaipur, Hero Honda Motors Ltd, Shriram Honda Power Equipments Ltd, Escorts Yamaha 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 : 21-07-1997.



HI-TECH GEARS LIMITED

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 1997.

Name & Designation	Age	Remuneration (Rs)	Qualifi- cation	Experi- ence	Date of employment	Last employment
Deep Kapuria Managing Director	47	6,22,455/-	B.E.(Hons)	25 yrs	1-1-87	Business
Digvijay Kapuria Jt. Managing Director	42	5,44,781/-	B.Com	19 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.



HI-TECH GEARS LIMITED

Annexure -II

A. Conservation of energy

- a) Energy conservation measures taken by the Company

The company has installed Power Factor Capacitors to regulate the phase wise current and optimise the usage of electricity. Besides this the company has continuously invested in the latest machinery which have inbuilt mechanism for optimum energy utilisation.

The company has also ensured the usage of pyrometers and thermostats in the heat treatment units. These help in regulating and saving energy besides ensuring quality production. The company is also studying the process of utilising the product heat at next stage in order to optimise and save energy.

The company has also taken a serious note on the administrative utilisation of energy and efforts are made to educate the manpower to save energy. The company encourages all its employees to save energy both within the company as also in the community.

- b) Total energy consumption and energy consumption per unit of production as per Form A of the Companies (Disclosure of particulars in Report of Board of Directors) Rules 1989.

Not given as the company is not covered by the list of specified industries.

B. Technology Absorption

Efforts made in technology absorption

Your company has continuously endeavoured to bench mark itself with world class manufacturing standards. In this direction your company has been on the continuous look out of technology absorption. Your company had earlier acquired the Japanese Technology from

M/s Kyushu Musashi Seimitsu Ltd., Japan, in the field of Close Die Precision Forging. During the year that went by your company acquired technology from Getrag Gears Of North America Inc. (Getrag) in the field of Timing Gears. With this your company has access to the latest development and advanced Research and Development facilities of Getrag, who are acclaimed internationally.

Your company has always carefully acquired sophisticated machinery very crucial to Gear manufacturing. These include the latest equipments for gear analysing and metallurgical testing. Lately the company has acquired the latest design software which are helpful in developing the gears for the most advanced automobiles.

Besides this your company has instituted the process of Statistical Quality Control throughout the organisation. Pioneering work has been initiated in the area of operator level education in the methods of SQC specifically Pareto Analysis besides other statistical tools for problem solving. These efforts shall have a long lasting bearing on quality and productivity improvement.

- a) R & D facility in the company and benefit there from

No research was conducted by the Company during the year.

- b) Any Investment made by the company for R & D during the year.

No investment is considered necessary.

C) Foreign Exchange Earnings Outflow

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

	(Rs. in lacs)
Inflow	90.06
Outflow	166.35
Capital equipment	94.41
Others	71.94