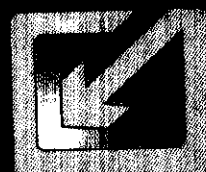


Hi-Tech Gears Ltd.



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14th ANNUAL REPORT 1999 - 2000

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SANSO SERVICES Annual Report

**Board of Directors**

Lt.Gen.(Retd) J.K. Khanna	- Chairman
Mr. Anil Khanna	- Director
Mr. K.L. Kalra	- Director
Mr. Deep Kapuria	- Managing Director
Mr. Pranav Kapuria	- Director

**Senior Executives**

Mr. B.M. Aggarwal	- General Manager (Operations)
Mr. Deepak Rai	- General Manager (Finance)
Mr. Bharat Singh	- General Manager (HR)
Mr. Vijay Mathur	- Asst. General Manager (Finance)

**Principle Officer**

Mr. Praveen Jain	- Company Secretary.
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**Auditors**

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

Certified True Copy  
For HI-TECH GEARS LTD.  
*Raveanm*  
COMPANY SECRETARY

**Bankers**

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

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

**Registered Office & Works**

A-589, Industrial Complex,  
Bhiwadi - 301019  
Dist. Alwar, (Rajasthan)  
Tel: 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 Ltd. that the 14th Annual General Meeting of the Company will be held on Wednesday the 26th day of July, 2000 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 2000 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 re-appointment.
- 4) To appoint a Director in place of Sh. 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. Appointment of Mr. Pranav Kapuria as Director

To pass, with or without modification(s), the following resolution as an ordinary resolution:

"Resolved That Mr. Pranav kapuria, who was appointed as an additional director in the Board meeting held on 25.5.2000 and in respect of whom, a notice from a shareholder has been received for his appointment, be and is hereby appointed as Director of the Company."

## 7. Alteration in the Object Clause

To pass, with or without modification(s), the following resolutions as a special resolutions :

- (A) "Resolved That pursuant to the provisions of Section 17 of the Companies Act, 1956, Clause III part A of the Memorandum of Association of the Company be altered by adding the following sub-clauses as sub-clauses no. (iv), (v) & (vi) after the existing sub-clause no. (iii) :
- (iv) To carry on the business of Computer software developing, designing, implementing, undertaking, selling, distribution, transmitting through internet/email or any other electronic mode, importing and exporting of all kind of software computer peripherals.
- (v) To carry on business of developing, designing, and maintaining on-shore or off-shore programs, and to import, export, develop, design, implement, or undertake, turnkey projects of computers, automobile components manufacturing, application of the all types of software or programs, providing service, in designing and research and development in the manufacturing, selling, distribution, export, import of all types of automobile components in India or abroad.
- (vi) To carry on business of training, education, management, consultancy services in the field of all types of computer software, programs, internet services, e commerce, conversion of technologies, auto component designing, developing and maintaining.
- (B) Resolved That Pursuant to the provisions of Section 17 of the Companies Act, 1956, Clause III part C 'Other Objects' of the Memorandum of Association of the company be altered by adding the following sub Clause as sub Clause 20 after the existing sub Clause 19:



20. To guarantee the payment of money secured or unsecured by or payable under or in respect of any promissory notes, bonds, debentures, debenture stock, Contracts, mortgages, charges, obligations, instruments and securities of any company or of any authority, central, state, municipal, local or of any person whomsoever, whether incorporated or not incorporated and generally to guarantee or become sureties for the performance of any contracts or obligation of any person, firm or company and to guarantee the repayment of loan with interest availed from Financial institution(s), Banks, Private Financiers, availed by any person, company, firm, society, trust or body corporate.

"Resolved Further That pursuant to Section 149 (2A) of the Companies Act, 1956, approval of the shareholders be and is hereby accorded to commence the business mentioned in Sub clause 20 of Clause III part C 'Other Objects' of the Memorandum of Association of the company."

#### 8. Appointment of Mr. Pranav Kapuria as Whole-Time Director

To pass, with or without modification(s), the following resolution as a Special Resolution

"Resolved That pursuant to Section 198, 269, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956, and subject to the approval of the shareholders of the Company in a General meeting, approval be and is hereby accorded to the appointment of Mr. Pranav Kapuria as a Whole-Time Director of the Company w.e.f 1st August, 2000 for a period of five Years, up to 31st July, 2005, with payment of remuneration at the terms and conditions set out below:-

1. Salary : Rs. 30,000/- in the scale of Rs. 30000-6000-60000/- 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 the furnished accommodation will be subject to a ceiling of 60% of the salary , over and above 10% payable by the appointee.

In case, no residential accommodation is provided to the appointee by the Company, he shall be paid house rent allowance @ 60% of the basic salary per month.

(ii) Gas, Electricity, Water etc. : The expenditure on Gas, Electricity, Water and furnishing shall be valued as per Income Tax Rules, 1962, 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 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, subject to a ceiling of one month's salary.

(v) Club Fees : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

(vi) Personal Accident Insurance : Premium not exceeding Rs. 4000/- per annum.

(vii) Provident Fund : Company's contribution towards provident fund not exceeding 12% of the basic salary per month.

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



HI-TECH GEARS LIMITED

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

"Resolved further that the aggregate remuneration of the Whole-Time Director shall not exceed 5% of the Net Profit in any financial Year, and 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".

#### 9. Increase in the Authorized Share Capital

To pass, with or without modification(s), the following resolution as a special resolution:

"Resolved that pursuant to Section 94 of the Companies Act, 1956, and other relevant provisions of the Act, the Authorized share Capital of the Company be and is hereby increased from Rs. 4,50,00,000 (Rupees four crore, fifty lacs) divided into 45,00,000 (forty five lacs) equity shares of Rs. 10 each, to Rs. 5,00,00,000 (Rupees five crore) divided into 50,00,000 (fifty lacs) equity shares of Rs. 10 each, by creation of 5,00,000 additional equity shares ranking pari passu with the existing equity shares".

"Resolved further that existing clause V of the Memorandum of Association of the company be deleted and the following be substituted in its place :

V. The Authorized share capital of the Company is Rs. 500,00,000 (Rupees five crore) divided into 50,00,000 (fifty lacs), equity shares of Rs. 10 (Rupees ten) each."

"Resolved further that the existing article no. 3 of the Articles of Association of the company be deleted and be substituted with the following article :

3. The Authorized share capital of the company is Rs. 500,00,000 (Rupees five crore only) divided into 50,00,000 (fifty lacs) equity shares of Rs. 10 (Rupees ten) each."

#### 10. Capitalization of the free reserves of the Company

To pass, with or without modification(s), the following resolution as a special resolution:

"Resolved that a sum of Rs. 2,34,60,000 (Rupees two crore thirty four lacs and sixty thousand only) be applied in paying up in full, 23,46,000 un-issued equity shares of Rs. 10/- each to be allotted and distributed and credited as fully paid-up, to and amongst the existing holders of equity shares of the Company in the proportion of one bonus share for every one equity share of Rs. 10/- each held by such members on such date as may be determined by the Board of Directors, provided that, if the number of shares to be allotted to any share holder is not in the exact number but is in fraction, the same be rounded off to the nearest number".

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

Place: New Delhi (Praveen Jain)  
Date: 25th May, 2000 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 18-7-2000 to 25-7-2000 (both days inclusive). The book closure is for the purpose of Dividend only and the record date for the purpose of Bonus issue shall be intimated after getting the approval of the shareholders in the Annual General Meeting to be held on 26<sup>th</sup> July, 2000.
- (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 25.07.2000.
- (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 herewith in respect of the special business.







HI-TECH GEARS LIMITED

### Explanatory statement pursuant to section 173(2) of the Companies Act, 1956

#### Item 7.

##### Alteration in the Object Clause of the Company

The Company has over the years developed the expertise through its personnel relating to the various activities in the resolution.

- (A) Subject to the consent of the shareholders in the General Meeting of the Company, it is proposed that the Memorandum of Association of the Company be altered by inserting new object clause nos. (iv), (v) & (vi) after the existing clause no. (iii) of the part A of the clause III of the Memorandum to permit the Company to take up the business of Software development, designing of the automobile components, training, education in the field of all types of software as set out in the resolution in the accompanying notice.

This amendment is primarily for giving services in the field of component designing, developing etc, with the help of all types of software to the automobile components manufacturing companies in India and abroad. The Company has been carrying out these activities for years for in-house applications only. The proposed new business can be conveniently and advantageously be carried on by the company along with its existing business.

- (B) During the course of business, it some times becomes advisable to give guarantee or stand surety for the obligations of any other person, firm, company or corporation etc. Therefore in order to meet such a contingency it is necessary that the company should have specific provision for the same. In the Object Clause of

its Memorandum of Association, with this view, it is proposed to insert suitable cause under Other Objects of the Memorandum of Association. The proposed resolution is intended to give effect to this requirement. It is also simultaneously proposed that authority be given to the company to commence business under the said clause as and when the same is needed.

The Board of Directors of the Company recommends the passing of the resolution.

None of the directors is interested directly/or indirectly in the resolution.

#### Item No. 6 & 8.

##### Appointment of Mr. Pranav Kapuria as Director and Whole-Time Director of the company:

Mr. Pranav Kapuria was appointed as additional director of the company by the Board of Directors in their meeting held on 25th May, 2000, pursuant to Article no. 91 of the Articles of Association of the Company. In accordance with section 260 of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting. In terms of section 257 of the Companies Act, 1956, the Company has received a notice from a shareholder along with the requisite deposit signifying his intention to propose Mr. Pranav Kapuria as a candidate for the office of Director. Further, Mr. Pranav Kapuria has given his consent to act as a Whole-Time Director of the Company, if appointed, at the Annual General Meeting. The Board of Directors consider that it would be in the interest of the Company to continue to avail of the services of Mr. Pranav Kapuria as Director and Whole-Time Director of the



HI-TECH GEARS LIMITED

Company and therefore recommends his appointment.

None of the Directors other than Mr. Deep Kapuria and Mr. Pranav Kapuria is concerned or interested in the passing of this Resolution.

This may also be deemed as an abstract of terms of appointment and memorandum of interest pursuant to section 302 of the Companies Act, 1956.

#### Item No. 9

##### **Increase in the Authorized share capital of the Company**

The Company proposes to make a bonus issue of 23,46,000 equity shares of the Company. The present authorized share capital is insufficient to enable the company to issue the above said bonus equity shares. Therefore it is necessary to increase the Authorized share capital of the Company from Rs. 4.50 crore to Rs 5.00 crores. The new equity shares shall rank pari passu with the existing equity shares of the Company. Alteration in the Memorandum of Association and Articles of Association are only consequential to reflect the increase in the Authorized share capital. The Board of Directors of the Company recommend passing of the resolution.

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

#### Item 10

##### **Issue of Bonus Shares**

On the basis of the audited accounts for the period ended 31.3.2000, the Company has a General Reserve of Rs. 15.64 Crores, which is available for distribution to the shareholders. In terms of the Articles 136 of the Articles of Association of the Company, and on the recommendation of Board of Directors, the Company is Authorized to capitalize the General Reserves or the surplus standing to the Credit of Profit & Loss Account, and to appropriate the same for issue of fully paid-up Bonus shares to the existing share holders in such proportion of their existing share holding of the equity shares as may be considered proper by the Board. The Board of Directors of your company has recommended Issue of Bonus shares to the existing equity shareholders in the ratio of one equity share for every one equity share (1: 1 ratio) held by them by capitalising Rs. 2,34,60,000/- (Rupees two crore thirty four lacs and sixty thousand only).

The Directors may be considered to be interested or concerned in the resolution to the extent of their entitlement for the bonus shares.

\* The Memorandum and Articles of Association of the Company will be available for inspection at the Registered office of the Company on any working day during business hours and at the place of the meeting.





HI-TECH GEARS LIMITED

## Directors Report

The Directors of your Company have the pleasure in presenting their report and statement of accounts for the year ended 31st March, 2000.

## Financial Results

Item	(Rs. in lacs)	
	1999-2000	1998-99
Sales	8035.68	5453.00
Other Income	35.26	21.68
	<b>8070.94</b>	<b>5474.68</b>
Mgf. Cost	4527.26	3267.51
Excise Duty	1074.66	685.49
Other Cost	1188.70	753.54
Depreciation	238.96	190.94
Financial Charges	316.98	306.63
Prov. for Tax.	235.00	37.00
Income Tax for Earlier Years	1.93	Nil
	<b>7583.49</b>	<b>5241.11</b>
Net Profit after Tax	487.44	233.56
Balance of P & L Brought Forward	274.23	141.63
Transfer from Investment Allowance Utilisation Reserve	Nil	25.00
	<b>761.67</b>	<b>400.19</b>
Appropriations		
Dividend	105.57	64.52
Tax on Dividend	19.35	6.45
Tfr. to G. Reserve	200.00	55.00
Balance Surplus in P & L Account	436.74	274.22

**Performance:** The Financial year 1999-2000 has ended with a satisfactory note. Your Company surpassed the budgeted turnover and has achieved a turnover of Rs. 8070.94 lacs, recording an increase of 47.42 %. The Net profit (after tax) of the company have increased from Rs. 233.56 to Rs. 487.44 lacs, thereby recording an increase of 108.70 %.

**Operations:** Your Company has successfully completed the exercise of the Business Process Re-engineering. This has resulted in cutting down the cost and decreased rejection levels. The Company has started the process of Lean Manufacturing also, under the able command of Mr. Pranav Kapuria, who has been appointed as a director of the company.

**Exports:** In today's competitive environment, it is the constant endeavor of your company to exploit the overseas markets. In this directions your company has achieved the exports turnover of Rs. 502.43 Lacs, during the year under review.

**Automobile Industry.** The period under review has shown an upward turn in the automobile industry. The companies have produced increased number of vehicles as compared to the last year, 15.91 lacs motorcycles were produced in the period under review as compared to 12.35 lacs in last year. Similarly in the medium and heavy vehicle category 0.95 lacs vehicles were produced this year as compared to 0.66 lacs produced in the last year.

**Dividend:** An interim dividend of Rs. 1.50 per share, during the year 1999-2000 amounting to Rs. 35.19 lacs was declared by the Board of Directors on 14th January 2000. The Directors now recommends to the shareholders, the declaration of the final dividend for the year ended 31st March 2000 of Rs. 3/- per share aggregating to Rs. 70.38 lacs in the Annual General Meeting. If approved, the dividend would be paid to the members whose name appear on the register of members as on 25.07.2000.

**Bonus:** The Directors have recommended issue of bonus shares in the ratio of one equity share for every one equity share held by the member subject to the approval of the shareholders in the forthcoming Annual General meeting of the Company.



HI-TECH GEARS LIMITED

These bonus shares shall be entitled to receive dividend that may be paid/declared on or after the allotment of such bonus shares.

**Commercial Paper Rating:** The strong business performance and financial acumen have ensured sufficient cash generation throughout the year. Your company has been accredited with P1 rating for the Commercial Paper, by the Credit Rating Information Services of India Limited (CRISIL). P1 rating indicates that the instrument is very strong.

**De-Materialization of the shares:** Your company has entered into an agreement with National Securities Depository Limited in accordance with the provisions of the Depositories Act, 1996 which is now fully operational and the members may avail of such facility.

**Directors**—Mr. Anil Khanna & Mr. K.L. Kalra, Directors of the Company are retiring by rotation and being eligible offer themselves for re appointment. Mr. Pranav Kapuria, Graduated from Delhi University, Master of Business Administration from UK and Masters in Lean Manufacturing from Michigan University USA, was appointed as an additional Director of the company with effect from 25th May, 2000 and if approved by the shareholders in the General Meeting be appointed as a whole time Director of the Company w.e.f. 1st August, 2000.

**Hi-Tech Soft:** In today's market your Company is constantly searching for ways to improve the product development process and better competitive standing. In order to enhance the capabilities, your company has bought and installed Pro Engineering software and provide training to our people on Pro engineering software with Parametric Technology Corporation.

**Year 2000 compliance:** Your company has entered into the new millennium in smooth manner. The committee at the top level manage-

ment was made responsible for the Y2K compliance. Software and hardware susceptible to the malfunction were either replaced or modified in all the computer networks of the company. These steps ensured there was no adverse impact of the Y2K changeover on the company's operations.

**Environment, Safety and Energy conservation:** Safety and Environment Management continues to be a key result area for your company. The Company is preparing itself for the ISO 14000. 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.

**Particulars of the Employees:** Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, regarding employees is given in Annexure 'I' 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 and the suppliers and all other associated with the company. Your company regards them as partners and shares with them vision of growth in the future.

**Personnel:** The Board wishes to place on record its appreciation for the untiring efforts made by the employees of the organization at every level. The efforts to create a family like atmosphere continued through out the year.