



# THE HI-TECH GEARS LTD.

(Formerly Known as Hi-Tech Gears Ltd.)

Millennium Plaza, Tower-B, Sushant Lok-1, Sector-27, Gurgaon-122002, Haryana, (INDIA)  
Tel. : +91(124) 4715100 Fax : +91(124) 2806085  
E-mail : info@hitechgears.com www.hitechgears.com  
CIN - L29130RJ1986PLC004536

October 07, 2016

The Manager,  
Listing Department,  
National Stock Exchange of India Limited,  
"Exchange Plaza", C-1, Block – G, M,  
Bandra – Kurla Complex,  
Bandra (E), Mumbai – 400051.

The Manager,  
Listing Department,  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai – 400001,

**Symbol: HITECHGEAR**

**Scrip Code: 522073**

Dear Sir/Madam,

Sub: Submission of Annual Report for the Financial Year 2015-16.

In compliance of Regulation 34 (1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, please find attached herewith Annual Report for the financial year 2015-16. Please note the same was also earlier sent on August 31, 2016.

We request you to take the above information on record.

Thanking you,

Yours faithfully,

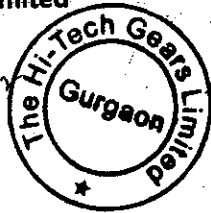
For The Hi-Tech Gears Limited

*Sudal Khatri*

S.K. Khatri

Company Secretary

M.No. F5459



Encl: as above

Regd. Office & Works I : A-589, Industrial Complex, Bhiwadi Rajasthan - 301 019 (INDIA)

Tel. : +91(01493) 641227-28, 665000, 665050

Works-II : Plot No. 24, 25, 26 Sector-7, IMT Manesar, Gurgaon, Haryana (INDIA)

Tel.: +91 (124) 4715200 Fax : +91 (124) 4368025 E-mail : info@imt.factory.hitechgears.com

Works-III : Plot No. SP-146A, Industrial Complex, Bhiwadi, Rajasthan-301019 (INDIA)

H. O. : C - 41/B, Rear Side Basement, Kalkaji, New Delhi-110 019 (INDIA)

passion to succeed



passion | innovation | technology



THE HI-TECH GEARS LTD.

30<sup>th</sup> Annual Report  
2015-2016



ENGINEERING  
CONVERGENCE  
SOLUTIONS FOR  
A LEAN WORLD

• ENGINEERING | • MANUFACTURING | • ROBOTICS

**Corporate Office**

14<sup>th</sup> Floor, Tower – B,  
Unitech's Millennium Plaza,  
Sushant Lok – 1, Sector – 27,  
Gurgaon,  
Haryana – 122002  
Tel : (0124)4715100,  
Fax : (0124) 2806085,  
Email : secretarial@hitechgears.com

**Registered Office & Works**

A-589, Industrial Complex,  
Bhiwadi – 301019,  
Dist. Alwar, (Rajasthan),  
Tel: (01493) 665000/641227

**Plant II:**

Plot No. 24,25 & 26,  
Sector -7 , IMT Manesar, Gurgaon,  
Haryana – 122050,  
Tel: (0124) 4715200,

**Plant III:**

SPL – 146,  
Industrial Complex,  
Bhiwadi – 301019,  
Dist. Alwar, (Rajasthan)

**Bankers**

ICICI Bank Ltd.  
Citi Bank N.A.  
Standard Chartered Bank  
State Bank of India  
State Bank of Bikaner & Jaipur

**Registrar & Transfer Agent**

MAS Services Limited  
(Unit: The Hi-Tech Gears Limited)  
T-34, 2<sup>nd</sup> Floor Okhla Industrial Area,  
Phase-II, New Delhi – 110020  
Tel : (011) 26387281, 82, 83  
Fax: (011) 26387384

**Cost Auditors**

M/s Kabra & Associates  
Cost Accountants  
552/1B, Arjun Street Main Vishwas Road,  
Vishwas Nagar, Delhi-110032

**Secretarial Auditor**

M/s Grover Ahuja & Associates  
Company Secretaries  
8/33, 3rd Floor, Satbhraava School Marg,  
W.E.A., Karol Bagh, New Delhi – 110005  
Tel: +91 11 42773662, 45091596

**Board of Directors**

Mr. Deep Kapuria  
Executive Chairman

Mr. Anil Kumar Khanna  
Independent Director

Mr. Sandeep Dinodia  
Independent Director

Mr. Pranav Kapuria  
Managing Director

Mr. Prosad Dasgupta  
Independent Director

Mr. Bidadi Anjani Kumar  
Director

Mr. Vinit Taneja  
Independent Director

Mr. Krishan Chandra Verma  
Independent Director

Mr. Ramesh Chandra Jain  
Director

Ms. Malini Sud  
Independent Director

Mr. Anuj Kapuria  
Executive Director

**Key Managerial Personnel**

Mr. S. K. Khatri  
Company Secretary

**Senior Executive**

Mr. Vijay Mathur,  
Sr. General Manager (Finance)

**Statutory Auditors**

M/s Gupta Vigg & Co.  
Chartered Accountants  
E – 61, Lower Ground Floor,  
Kalkaji,  
New Delhi – 110019.

**Internal Auditors**

M/s Grant Thornton India, LLP  
21<sup>st</sup> Floor, DLF Square  
Jacaranda Marg, DLF Phase II  
Gurgaon-122002  
India

## Vision

Be A global footprint Company and a benchmark for world class manufacturing systems

## Mission

We will be the preferred partner in delivering engineering products and design solution through lean philosophy with a focus on:

- Building a customer centric Organization
- Rapid development of products and innovative solutions
- Ensuring cost effectiveness
- Developing competent and committed people

### Forward Looking Statement & Disclaimer

In our report we have disclosed forward looking information so that investor can better understand the Company's future prospects and make informed decisions. This Annual report and other written and oral statements that we make from time to time, contain such forward looking statements that set out anticipated results based on management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'projects' 'intends', 'plans', 'believes', and words and terms of similar substance in connection with any discussion of future operating or financial performance. We cannot guarantee that any forward looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate assumptions, should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Sources of information: we have consulted RBI, SIAM, ACMA, industry associations, fellow industry members, Industry Journals and various authorities, ministries & institutions sites for the information set in this Report. We have tried, wherever possible, to identify and authenticate the such information, however we undertake no obligation for its correctness and its updates.

## Contents

|                                  |    |
|----------------------------------|----|
| Milestones                       | 3  |
| Chairman's Message               | 4  |
| Managing Director's Message      | 7  |
| Directors' Report                | 10 |
| Management Discussion & Analysis | 30 |
| Corporate Governance Report      | 36 |
| Shareholder's Information        | 49 |
| Auditors' Report                 | 50 |
| Balance Sheet                    | 55 |
| Statement of Profit & Loss       | 56 |
| Cash Flow Statement              | 57 |
| Notes to Financial Statement     | 59 |
| Notice                           | 84 |

# CUSTOMERS





THE HI-TECH GEARS LTD.  
(formerly known as Hi-Tech Gears Ltd.)

# MILESTONES 1986 Down the years 2016



- 1986 Incorporated as a Public Limited Company
- 1988 Production commencement single source supplier to Hero Honda
- 1989 Product Indigenisation
- 1992 Technical Tie-up with Kyush Musashi, a subsidiary of Honda Motors, Japan



- 1993 Backward Integration into Precision Forgings
- 1995 Selected as single source supplier to Honda Power, Tata Cummins Ltd.
- 1996 Technology Agreement with GETRAG, US
- 1996 Certified as ISO 9002
- 1996 BPR Launched
- 1997 Selected as a global Source to Cummins, US
- 1998 Certified as QS 9000
- 1999 Separate Division to handle high-end design and CAD Services established, under the name of Hi-Tech eSoft.



- 2002 Launched initiative of Lean Manufacturing
- 2003 Certified for Integrated Quality Management Systems
- 2003 Certified for TS 16949
- 2003 Environment Certification ISO 4001
- 2003 Occupational Health & Safety Certification OHSAS 18001 : 1999
- 2004 Prototyping/Productionising Precision Components for Robert Bosch, GM, Volvo and Daimler Chrysler



- 2005 State-of-the-art Manufacturing Facility set up at Manesar
- 2007 Hi-Tech eSoft (Division of HGL) certified for ISO 9001 : 2000
- 2008 ACMA Export Award 2006-07
- 2008 Setup of Pune Office
- 2009 Excellence Award for Manufacturing and Export
- 2010 TPM Excellence Awards Category A & Shingo Silver Medallion
- 2011 New State of Art "ECOFAC" Plant setup in Bhiwadi
- 2012 Award for Excellence in consistent TPM Commitment.
- 2013 ACMA Export Award
- 2014 ACMA Export Award (Large Category)
- 2015 Name of the Company change to "The Hi-Tech Gears Ltd."



## Chairman's Message



Dear Shareholders,

I am pleased to write this communication to you in the 30th year of the Company. In this journey of three decades, the Company has faced many challenges, each bigger than the other. It is through our journey of challenges and our pursuit of excellence that we have grown into a larger and stronger organisation year on year. Our ongoing pursuit of excellence has been accompanied with learning and continuous improvement, both critical to Quality becoming a way of life. The three pillars which guide us in our journey towards quality excellence are continuous improvement in technology, training and sustainability.

### **Global and Domestic Economic Affairs**

Today's era of globalization is characterised by an increasing dependence of domestic economies on international factors. With EU facing unabated headwinds and US clocking in lower than expected economic recovery, the year under review started on a cautious note. Stumbling global economies amid weak aggregate demand, falling commodity prices and increasing financial market volatility in major economies were among the main cause for concern. A serious crisis in the Middle Eastern countries and an economic slowdown in China further added to the woes of the global economy.

Unfortunately, global uncertainty and volatility continued through the year. The global economy which grew at less than 3.1 per cent in 2015 is expected to grow at 3.2 per cent in 2016. This flat or downward international trend is a result of several factors. Global recovery is expected to remain moderate to uneven over the next few years. While developed economies, including the US, are expected to strengthen aided by lower oil & input costs and low interest rates, most emerging economies are expected to slow down moderately, due to country specific reasons, however India seems to be an exception.

Britain's exit from the European Union (Brexit) is projected to make an impact on the global economy. Going forward, if it undermines the confidence of the European Union, Brexit is likely to have a strong spill over effect. Together with a fall in the Euro, this is likely to add to the pressures on private and public finances, especially in countries where debt remains high. This risk would compound the ongoing political tensions of the European Union that are a result of the large refugee inflows and ongoing financial efforts to stabilise Greece. I believe that in the short run Brexit will not have a significant negative impact on the Indian Economy. However, over the medium term India's exports volumes will be determined by the severity of the slowdown in Europe, UK and its impact on the exchange rate.

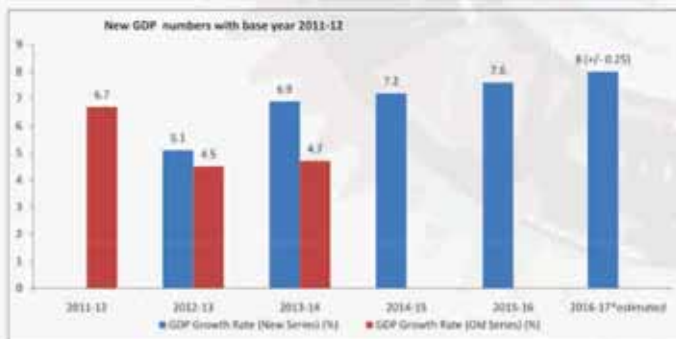


Nevertheless, conditions relating to finance availability, an increasingly neutral fiscal policy in the Euro area, lower fuel prices globally, improved labour and input markets will together push growth over the next few years. In view of this environment, which is expected to be further supported by generally less restrictive fiscal and accommodative monetary stances worldwide, global growth is expected to strengthen to 3.7 per cent in 2017.

The Indian economy that has successfully faced many challenges in the past, is currently on a growth trajectory on the back of committed policies, a stable government and a new found optimism. Consumer and investor sentiments are showing signs of improvement. In the previous years, the economy faced tough times with issues such as low growth rates, high levels of inflation, high fuel & capital costs and a widening current account deficit; escalated by an unsupportive external environment. Growth seems to be on track, accompanied with the desirable mild inflation, a manageable current account balance on the back of a stable rupee and rising foreign exchange reserves, signalling the much awaited improvements in the macro-economy.

Today India is the seventh-largest economy in the world measured by nominal GDP and the third-largest by purchasing power parity (PPP). Classified as a newly industrialised country, India is amongst the major G-20 economies. A member of BRICS India replaced People's Republic of China as the world's fastest growing major economy in the last quarter of 2014. India is a fast developing economy having clocked in an average growth rate of over 7 per cent over the last few years.

India's long-term growth prospects remain positive given its young population, corresponding low dependency ratio, healthy savings and investment rates, and an increasing integration into the global economy. India has the potential to become the world's 3rd-largest economy by the next decade. The International Monetary Fund has termed India as the "bright spot" in the global landscape, reiterating the country's short term growth outlook. With the economy having grown at 7.6 per cent in 2015-16 and expected to grow at 8.0 per cent +/-0.25 per cent in 2016-17, India for the first time topped the World Bank's growth outlook for 2015-16.



It was for the first time that the two major contributors to the GDP, i.e. the Manufacturing and Services sector grew almost at the same rate i.e. approx. 9 per cent. Due to less than normal rainfall, the agriculture sector grew by a mere 1.2 per cent. On a cumulative basis, the IIP growth during 2015-16 was 2.4 per cent, as compared to 2.8 per cent during 2014-15. The country's Foreign Exchange Reserves stood at USD 360.20 billion at end of March 2016.

The IMF has retained India's growth potential at 7.8 per cent and maintains that this growth trend will continue to be driven by private consumption, lower energy and fuel prices and higher real incomes. The IMF also states that "With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth."

A comfortable level of Current Account Deficit (CAD) has also brought cheer to the economy. After high and near unsustainable CAD levels between 2011-12 to 2013-14, India's balance of payments situation since has improved considerably. The recent weakness in external demand has marginally affected exports. Nevertheless, CAD as a proportion of GDP has remained at comfortable levels in 2014-15 & 2015-16.

With the Parliament passing the relevant Constitution Amendment Bill, India moved a major step closer towards a unified goods and services tax regime across the country. This move is seen as the most radical indirect tax reform since India's independence. I have always maintained that GST will help faster and cheaper movement of goods across the country with a uniform taxation structure. This is a critical step towards creating a single market and will also make a positive impact of about 1 to 1.5 per cent on the GDP.

GST's successful implementation would give a strong signal to foreign investors about our ability to support business. It will also enable wide ranging changes in the tax structure leading to long term positive effects on the economy.

Numerous Indian and foreign companies are setting up their facilities in India on account of various government initiatives like 'Make in India' and 'Digital India'. These initiatives are expected to boost the contribution of the manufacturing sector to the GDP from the current 15 per cent to 25 per cent. These initiatives are also expected to increase the purchasing power of an average Indian consumer, which would further boost demand, lead to creation of digital infrastructure and hence spur development, in addition to benefiting investors.

### Indian Automobile Market and our Future Outlook

It is very heartening that the Indian automobile industry, notching domestic sales of over 20 million vehicles for the first time ever, crossed an important milestone this year. Export sales also recorded an increase to 3.64 million vehicles. Automotive industry is truly an engine of growth for the Indian economy. The automotive industry accounts (both auto and auto components) for 45% of the country's manufacturing gross domestic product (GDP), 7.1% of the country's GDP and employs about 20 Million people both directly and indirectly.

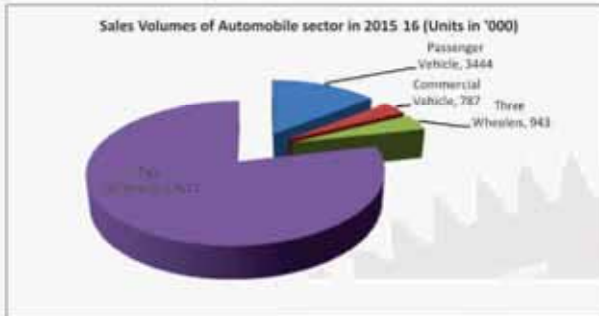
The industry has recorded satisfactory volume growth, based on a strong base from previous years. The rise in demand is led by various underlying factors including India's rising per capita income, increasing rural demand, growing urbanisation, increase of replacement demand amongst others.

The industry includes passenger vehicles, light and heavy commercial vehicles and two wheelers, as well as productivity machinery such as tractors. India manufactured and assembled about 23.96 million vehicles in comparison to 23.36 million vehicles in the previous year, recording a marginal but steady growth of 2.58 per cent. Similarly, at 3.42 million the production of total passenger vehicles (PV) recorded a growth of 5.97 per cent. Total PV sales (including exports) stood at 3.44 million vehicles with a growth of 6.86 per cent.





The sales of Two Wheelers stood at 18.94 million against 18.46 million units in previous year, thereby registering a growth of 2.73 per cent. Commercial vehicles, said to be the back bone of the economy, were the highlight of the sector. Total sales at 0.78 million grew by 12.18 per cent . Of total production, tractors accounted for a considerable percentage. India, accounting for 29 per cent of the world's tractor production, is the world's largest producer of and the largest market for tractors.



The Indian automobile market made its mark in the world by manufacturing quality products at competitive prices. The Automobile & Auto Component sectors go hand in hand. The Indian auto component industry is amongst the country's rising industries, with tremendous growth prospects. From a low-key supplier providing components exclusively to the domestic market, the industry has emerged as one of the key auto component centers in Asia. Seen as a significant player in the global automotive supply chain, India is a supplier of a range of high-value and critical automobile components to most global automobile manufacturers. The high quality, low priced engine parts, transmission parts, brake systems and other components made in India are amongst the worlds' favourite. A major contributor to achieving this status is also the technology support extended by India's auto component companies to the automotive manufacturers.

Globally the auto component industry is evolving very fast. The component industry is thus faced with new challenges - dealing with regulatory pressures, increasing the automation requisite to delivering quality products, the need to manage costs and raise productivity, maintaining quality and supplying components in a just-in-time (JIT) mode on the production line, ensuring compliance to environmental issues are only some of these. While the challenges are many, they bring with them numerous opportunities as well. The industry would stand to gain from the learning and innovation experiences.

GST is expected to make a positive impact on all Sectors, including the automotive sector. Currently the effective tax rate for the sector ranges between 30- 47 per cent. On implementation of GST, the tax rate is expected to oscillate between 20-22 per cent. It is expected to drive overall demand and reduce end user's cost by about 10 per cent. With reduced time at Octroi and other check points, the transportation time and overall costs are expected to reduce. In addition, the logistics and supply chain inventory costs will be curtailed by almost 30-40 per cent.

Another positive change can be brought about by introducing an effective vehicle scrappage policy. The Automotive Mission Plan 2026 has alluded to the repair, and recycling of automotive vehicles, components and services. A policy that encourages scrapping of old vehicle through compensation to owners will ensure that the old vehicles do not find their way to other cities. Recommendations of the Ministry of Road Transport including

discounts by automobile manufacturers and a possible cut in excise tax on the purchase of a new car and payment of a fair value for the scrap could be welcome steps. India could benefit from examining the strategies adopted by the European Union as well as Canada.

Industry body ACMA has projected that the industry is expected to grow in the range of 10-12 per cent in the current fiscal on hopes of above-normal monsoon, availability of easy finance, flow of money after implementation of 7th Pay Commission and recovery in the domestic automobile market.

### Company Performance and Strategy

Your company is amongst the few to supply products such as gears, engine and transmission components to OEMs of different categories such as two wheelers, commercial vehicles, passenger vehicles, tractors and off road equipments.

The financial year 2015-16 was full of challenges, but proved to be an encouraging year. The Total Revenue of the Company was Rs. 452.2 crores compared to Rs. 434.5 crores in the previous year. The PBT was Rs. 33.6 crores and PAT stood at Rs. 21.1 Crores compared to Rs 26.3 crores and Rs. 18.4 crores respectively in the previous year. I am happy to inform you that with a view to sharing the gains, your Board of Directors had declared an interim dividend of 15 per cent and further recommends a final dividend of 15 per cent for your approval.

In terms of business development, the company is negotiating with several new customers. Some new products are also under development in line with the Company's expertise in gear & transmission manufacturing. These new developments are expected to add to the company's revenues in the years to come. Further, the Company continues to focus on cost reduction efforts and make improvements in operational efficiencies as well as value engineering activities to improve the margins. Additionally, your company has made its mark as a leader of sustainable manufacturing. Our state-of-the-art Plant in Bhiwadi is operating to its capacity now while minimizing wastes and pollutants.

The Board is competent with both executive and non executive Directors possessing a wide range of expertise. The Board continued to perform its role of monitoring the Company's performance, including its operational & financial performance, and progress in delivering new growth. In terms of strategy your Company is following a consistent and long term strategy, to grow cash flow across the cycle and deliver competitive returns through focus on quality and timely delivery.

We are exploring organic and inorganic growth options in the NAFTA Region for new manufacturing locations and to create a delivery hub without affecting the existing business. We also propose to have our footprint in South India to efficiently meet the requirements of our customers.

I, on my behalf and on behalf of my colleagues on the Board would like to thank and record our sincere gratitude to all our stakeholders for the confidence & trust reposed upon us and our deep appreciation to all employees of the Company for their hard work, commitment and whole hearted support for achieving the Company's goals and targets. I further thank all our customers, our supply chain partners and our bankers for reposing their confidence in us. As we step into a new phase, there are many reasons to be excited about the future of our business. We look forward to your continued support in the years ahead.

Deep Kapuria  
Chairman



## Managing Director's Message

Dear Shareholders,

This 30th Annual Report of the Company provides me another opportunity to interact with you and update you on the affairs of the Company. The performance of the Indian Economy in 2015-16 has proved to be satisfactory in many spheres with an improvement in the macroeconomic parameters. This was made possible despite the many concerns being raised about the global economic environment. Your Company has also grown in line with the automotive industry's growth.

### Macro Economic updates

The global economy continues to struggle with almost little or no growth in the year gone by. It was a year of mixed fortunes for the world economy. While advanced economies reflected a pick-up in growth relative to the previous year, emerging market & developing economies witnessed a slowdown. The continued decline in oil prices, quick adjustments in exchange rates, threat of terrorism in many countries, the exit of Britain from the European Union, the appreciation of the US dollar and weakening of most other currencies, notably the Euro have had a major impact on global trade flows.

The US economy has performed comparatively well in the last couple of years due to factors such as improvement in domestic demand, advantage of drop in global oil prices and an accommodative monetary policy. After experiencing extremely difficult situations in the past, the year 2015 exhibited some stability in many large and emerging economies.

In my earlier communications, I have referred to the VUCA (Volatile, Uncertain, Complexity and Ambiguous) environment. On Brexit, our take is that it is another VUCA phenomena that may shift the global business landscape to some extent. Necessary adjustments to the related currencies will be the first and foremost outcome. This is also causing concern to automobile manufacturers as they fear an increase in costs on account of imposition of tariff barriers and possible job losses, if Brexit is not managed efficiently.

Converse to what is happening around the world 2015-16 has proved to be better for the Indian economy. India's GDP gained momentum in the final quarter and pushed full-year growth to a five-year high. GDP grew at 7.6% in FY 15-16, an improvement from 7.2% in the previous fiscal year. It primarily reflected robust growth in private consumption, which accounts for nearly 60% of the economy. India could have achieved an even better growth, if there had been a better monsoon, proper utilisation of resources and positive economic headwinds from abroad.

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian economy will continue to grow more than 7.5% in 2016-17. Thus, India is set to have another year of strong growth propelled by healthy domestic dynamics. Inflation remaining under control and a rapidly-expanding middle class should continue supporting private consumption. The improvement in India's economic fundamentals has accelerated & will continue in present fiscal with the combined impact of strong



government reforms, RBI's inflation focus supported by benign global commodity prices. India was ranked the highest globally in terms of consumer confidence during the year, despite the uncertainties in the global market.

Starting in 2012, India entered a period of anaemic growth, with growth slowing down to 5% levels. India started recovering in 2014-15 when the growth rate accelerated to 7.2%. In 2015-16, GDP growth went up further to 7.6 %, despite a poor monsoon, thanks to the various initiatives taken by the Government. Helped by the RBI's strict monetary policies retail inflation (CPI) has come down to 5.4%. The Current Account deficit has also come down to 1.4 % of GDP at the end of this fiscal year and the Fiscal Deficit is also being controlled. The Government has retained the fiscal deficit target to 3.9 % of GDP for 2015-16 and 3.5 % of GDP for 2016-17. Foreign exchange reserves also touched their highest ever level of about US\$ 350 billion in the recent past.

The Government have taken many initiatives by issuing schemes to encourage and boost the economy. The initiatives are: **Startup India** is a Government of India flagship initiative to build Startups and nurture innovation. Through this initiative, the Government plans to empower Startup ventures to boost entrepreneurship, economic growth and employment across India. **Make in India**: the key objective of the campaign is to invite businesses not only in India but across the world to invest & manufacture in India. **Make in India is recognized globally and has featured in "100 Most Innovative Global Projects"**. Make in India initiative is an honest attempt to revive the fortunes of the manufacturing sector as the revival of the manufacturing sector is key to revival of the Indian economy. **Digital India will ensure that Government services are made available to citizens electronically. It is an initiative for connecting rural areas with high speed internet and improving digital literacy with a vision of inclusive**



**growth in areas of electronic, service, products, manufacturing.**

**Automotive Sector:**

The Auto industry is one of the most vibrant sectors of the Indian economy. Three powerful challenges are now impacting the auto industry: Shifts in consumer demand stricter requirements for safety & fuel economy and quality products at competitive cost. The Indian Auto & Auto Component sectors have been working tirelessly in all three areas and are geared for further improvements & growth in the coming years. Thus, we can say that the Indian automotive market is full of great opportunities and is capable of scaling new heights. The Industry therefore did register growth despite the many challenges faced by it during the period.

In 2015-16, the industry registered a growth of 3.49% over the same period last year by selling 24,110,931 vehicles compare to 23,297,717 vehicles in the previous year. It is heartening to note that the growth in commercial vehicles segment was the dark horse among all categories of vehicles and registered the highest growth of 12.18%. The volumes in the industry consist of passenger vehicles (PVs) 14.28%, Commercial Vehicles, including heavy and medium vehicles at 3.26%, Three-wheelers 3.91%.and Two-wheelers, which account for 78.54%.

Two wheelers have always had a major share of volumes in the total output; however there was limited growth in the previous year except in the case of scooters. The reason could be the prevailing high base and the low rural demand, due to a below average monsoon. The segment produced and sold (both domestic and exports) 18,829,786 units and 18,937,104 units compared to 18,489,311 Unit and 18,433,027 units in previous year, thus registering a marginal growth of 1.84% in production and 2.73% in sales. It is also worth noting that the growth of the scooter market is much higher than the motorcycle market, due to ease of driving and low maintenance costs.

Similarly, Passenger Vehicle segment produced and sold (both domestic and exports) 3,413,859 units and 3,443,567 units compared to 3,221,419 Unit and 3,222,577 units in previous year, thus registering a growth of 5.97% in production and 6.86% in sales. If we see exports in isolation, then 653,889 Units were exported compare to 621,341 units in previous years, thereby recording a growth of 5.24%. The commercial vehicles's growth in exports was significant at 101,689 Units compared to 86,939 units in the previous year which is an increase of 16.97%

Indian automotive and auto component makers are well positioned to benefit from the globalisation of the sector as exports potential could be increased to new heights. The development in infrastructure, the big domestic market, increasing purchasing power and a stable government framework are the other reasons, which have made India a favourable destination for investment. However there are certain factors that stand as challenges before the automobile industry. The most immediate challenge is the uncertainties of global markets, weaker outlook in Europe etc.

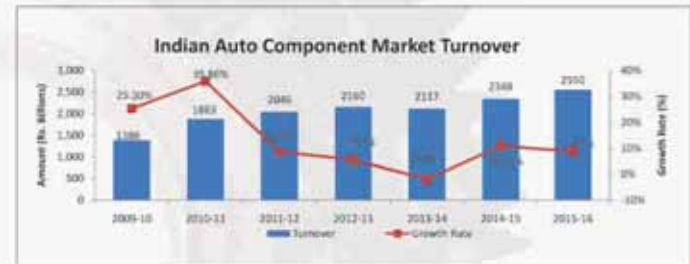
More and more OEMs and large investors in the auto and auto component sectors are investing in India due to favourable policies and conditions.

Many vehicle manufacturers today consider India as a key part of their global strategy for above reasons. Interestingly, this potential is not limited only to India, on the contrary the domestic auto

companies, have been trying to have their presence felt on the global stage by establishing their base. So, we can say, it is truly a global arena, where no physical boundaries are hurdles for business and growth.

The Indian auto-components industry can be broadly classified into the organised and unorganised sectors. The organised sector contributes 85% of the total business and it caters to the OEMs and consists of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category and contributes 15% of the total business.

The turnover of the auto component industry is Rs 2550 billion (USD 39 billion) for the year 2015-16, compared to Rs.2348 billion for the previous year , registering a growth of 8.51%. Exports of auto components edged up by 3.5% to Rs 70,900 crores from Rs 68,500 crores in 2014-15. However, imports of auto components grew by 9.3% to Rs 90,600 crores from Rs 82,900 crores. Besides, aftermarket sales in the period under review were higher by 12% to Rs 44,660 crore from Rs 39,875 crores in the previous fiscal 2014-15. Running with the expected pace, the auto component industry in India is likely to scale up to Rs. 6347 billion (USD100 billion) in turnover by 2020 with exports to grow the in range of Rs. 2221-2539 billion (USD35-40 billion).



Global automotive Original Equipment Manufacturers (OEMs) and suppliers recognise India as a key market today. The sector is witnessing significant changes in line with the global industry. Stringent emission and safety norms are playing an increasingly important role globally. In the recent past, the government has focussed on tighter emission norms to regulate air pollutants from vehicles and is promoting green vehicles. Of late, safety has also been attracting governmental attention. Evolving technologies and trends in connectivity, fuel efficiency, light weighting, ABS, EBD, electronics, etc. have only added to these complexities. While these developments do pose a host of challenges, they also open a lot of interesting opportunities for the Indian automotive sector.

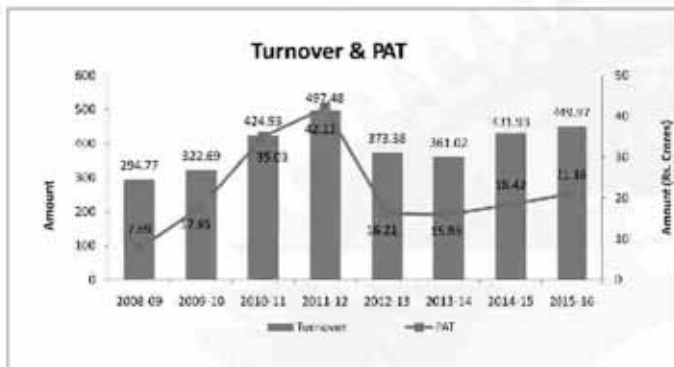
**Performance of the Company**

2015-16 was another year in which we made consistent progress. The growth in sales turnover of the Company was similar to automotive industry growth. The total revenue of the Company increased to Rs 452.25 crores (net of excise duty) from Rs 434.59 crores in the previous year, registering a growth of 4.1%. The profit before tax was Rs 33.59 crores, compared to Rs 26.29 crores in the previous year, registering a growth of 27.76%. Profit after tax stood at Rs 21.16 crores, compared to Rs. 18.42 crores in the previous year, registering a growth of 14.87%. Earnings per share (EPS) of the Company increased to Rs. 11.28 from Rs. 9.81 in the previous year. In additions to the improvement in performance, I am happy to inform you that your company now has very little debt, with almost no term loans.



Exports remain a bright point in the company's activities. The Company recorded an export turnover of Rs. 107.84 crores, compared to Rs. 93.17 crores in the previous year, thus recording an increase of 15.75 %.

Your company has an uninterrupted and constant track record of sharing profits with shareholders, who have placed their faith and capital in the Company. Keeping up the tradition, your Directors declared an interim dividend of 15%, i.e. Rs. 1.50 per shares. The same was declared and paid during the year, as per statutory process and period. Similarly, a final dividend of 15% i.e. Rs. 1.50 per shares is being recommended by the Board for your approval. The same if approved, will be paid to those whose name appears on the register of members, as per the book closure dates, announced in this regard. Thus, total dividend payout stands at Rs. 563.04 lacs (PY 469.20 lacs).



The recently launched Car Transmission Vertical is working as per its operating plan. This was launched to cater to the ever growing need for Car Transmission components in both the domestic and export markets.

Your company has the capability to achieve excellence in the coming years, because it has both consolidated and diversified its production capacity through significant internal re-organisation in both its core and strategic areas to prepare for the future. Secondly, it has proved its excellence in cutting edge innovation and technology to cater to both its domestic and international clients. Most importantly, it has renewed its commitment towards green manufacturing with its Green 'ECOFAC' plant which has been awarded the Gold level of certification by the India Green Building Council.

As you may be aware your company is among very few companies in the world which supply to OEMs manufacturing Two Wheelers to Commercial Vehicles, Tractors and Off-road vehicles in India and overseas. The Company's principle products include two wheeler transmission components, engine and transmission components for commercial and passenger vehicles, precision forgings etc. Your Company is also making consistent efforts to strengthen the portfolio.

As informed in my earlier message, your Company has not confined itself to the domestic markets but has made its presence felt globally. Your Company understands that the exposure to the global environment can lead to strong developmental opportunities. In coming times your Company wants to expand its

Global presence further and succeed in new areas keeping the requirement of the customer always in mind. Your Company has further identified both the customers and the potential partners with whom your company will go ahead. In view of the above, the company is exploring many organic and inorganic growth options overseas. In addition, the Company has a strong will to establish its footprint in southern India also. The Management has checked various opportunities in southern India and action is likely to be taken in the coming financial year subject to various approvals. Overall, the focus will continue to be on quality delivery at optimum costs.

Your Company has always been promoting and encouraging clean and sustainable technology. Various initiatives have been launched by the Company for such noble causes, details of which are provided in the Directors' Report. Another important milestone could be that the Company is finalising the project to establish a solar plant of appropriate capacity for generation of clean and renewable energy at one of its manufacturing units. This will not only save cost but most importantly avoid tonnes of CO2 generation per annum. Seeing the success and the feedback, management will implement the same initiatives to other units.

Steps initiated by the Company in implementation and absorption of lean manufacturing are consistently showing progress. A lean and efficient supply chain is critical to any manufacturing company. Further, your Company's commitment towards Total Productivity Maintenance (TPM) has yielded excellent results in quality design of products.

In respect of internal controls, your company has been working closely with Ms/. Grant Thornton, Internal Auditor of the Company with the objective of strengthening internal and financial controls, improving internal processes and related matters. They are directly reporting to the Audit Committee of the Board regularly every quarter. These Internal audits will continue though the Internal Auditors may be rotated periodically to ensure a fresh approach and outlook every few years. Internal Auditors are of the view that the internal control system in place is commensurate with the size of its operations. Further, to have better and sustainable control, a new ERP system is also under assessment. Management is hopeful that with the new system, it will have even better and prompt generation of MIS for controls.

Turning to people, Human resources have always been a priority and your Company ensures investing in people, because people are the Company's greatest assets. Your Company believes that people are the assets that must be valued, measured and developed. People are not hard-assets that depreciate in value and can be written off; they are dynamic assets that can increase in value with time. It is only with the determination and dedication of our people that we can serve our clients, generate long-term value for you and contribute to the growth of the country.

On behalf of The HGL team, I thank you for your continued support and assure you of our unceasing efforts to grow your Company's performance and image year after year.

Pranav Kapuria  
Managing Director

# DIRECTORS' REPORT

## Dear Members,

Your Directors have great pleasure in presenting the 30<sup>th</sup> Annual Report of your Company, together with the audited statement of accounts for the financial year ended 31st March, 2016.

## Financial Results

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

(Rs. in lacs)

| Particulars  | 2015-2016 | 2014-15   |
|--|-----------|-----------|
| Sales (net of excise duty)                           | 44,997.29 | 43,192.84 |
| Other Income   | 227.63    | 266.46    |
| Total Income   | 45,224.92 | 43,459.30 |
| Profit before Depreciation, Interest & Taxes (PBDIT) | 5,882.30  | 5,509.05  |
| Depreciation   | 2,273.09  | 2,510.86  |
| Profit before Interest & Taxes (PBIT)                | 3,609.21  | 2,998.19  |
| Financial Charges                                    | 249.27    | 368.63    |
| Profit before Taxes (PBT)                            | 3,359.94  | 2,629.56  |
| Provision for Taxes                                  | 1,243.52  | 787.85    |
| Profit after tax (PAT)                               | 2,116.42  | 1,841.71  |
| Balance of profit brought forward                    | 10,309.05 | 9,863.70  |
| Balance available for appropriation                  | 12,425.48 | 11,705.42 |
| Dividend   | 563.04    | 469.20    |
| Tax on dividend                                      | 116.77    | 93.81     |
| Transfer to General Reserve                          | 100.00    | 100.00    |
| Balance Surplus in P & L Account                     | 11,645.67 | 10,309.05 |
| Paid-up Equity Share Capital                         | 1,876.80  | 1,876.80  |
| Earnings Per Share (EPS)                             | 11.28     | 9.81      |

## General Information

India topped the World Bank's growth outlook for 2015-16 for the first time with the economy having grown 7.6% in 2015-16 and is expected to grow at 7-7.75% during FY 2016-17, despite the uncertainties in the global market according to IMF World Economic Outlook.

After seeing challenging times, the Indian automobile industry finally in growth mode from few years. Although, the revival is good for the industry, Manufacturing Sector & Economy as such, but the pace of growth is still to go very far. It is heartening to inform that all the vehicle categories, be it commercial vehicle or two vehicle saw the positive territory. The overall production of vehicle stood at 23,960,940 Vehicles compared to 23,358,047

Indian auto component industry registered a growth of 8.8% in 2015-16 with overall turnover of Rs. 2,55,600 crores (USD 39.0 billion). While overall exports from India witnessed de-growth of 9.58%, however the Indian auto component industry exports grew by 3.5%

reaching to Rs. 709,00 crores (USD 10.8 billion). ACMA President predicted that with the signs of recovery in India based auto market and prospects of a better monsoon, the component sector is expected to witness growth in double digits this year.

International Monetary Fund (IMF) earlier projected the global growth at 3.5%. However, due to moderate and uneven reasons, it remained at 3.1% for 2015 and is projected to grow at 3.2% in 2016, the same level 2015. Weak trade growth, sluggish investment, subdued wages and slower activity in key emerging markets will all contribute to modest global GDP growth and is expected to improve only to 3.5% in 2017. This reflects a combination of subdued aggregate demand, poor underlying supply-side developments, with weak investment, trade and productivity growth, and diminished reform momentum.

## Operations

Detailed information on the operations of the Company and details on the state of affairs of the Company are covered in the Management Discussion & Analysis Report, forming part of this report. Further with regard to the financials, this year also growth of your Company has been satisfactory and upto the expectation. During the FY 2015-16, total revenue from operations (net of excise) stood at Rs.449.97 crores as compared to Rs.431.92 crores in FY 2014-15, registering an increase of 4.18%. The profit before tax stood at Rs 33.60 crores as compared to Rs 26.30 crores in previous year. Similarly, the Net profit after tax of the Company also grew by 14.91% i.e. from Rs 18.42 crores to Rs 21.16 crores.

At the export front, the Company also did well and recorded an export turnover at FOB Price at Rs. 107.84 crores compare to Rs. 93.17 crores in the previous year, thereby recorded an increase of 15.75% compared to 12% during the same period in previous year. The total exports are now 23.85% of the total turnover.

Your Company expects to benefit over the next period from its good business linkage with OEMs, due to its healthy operating efficiencies. In view of this, the long term prospects of your Company are bright.

## Share Capital

The paid up Equity Share Capital as on 31st March 2016 was Rs. 18,76,80,000. During the year under review, the Company has not issued shares or granted stock options or sweat equity.

## Dividend

During the year under review, an interim dividend of 15 % i.e. Rs. 1.50 per equity share amounting to Rs. 281.52 lacs was declared and paid, the same is being confirmed at the forthcoming AGM. The Directors have now recommended to the shareholders a final dividend of 15% i.e. Rs. 1.50 per equity share, resulting in an another payout of Rs. 281.52 lacs. The total dividend payout stands at Rs 563.04 Lacs (Previous year Rs 469.20 Lacs) & tax on dividend comes to Rs 116.77 Lacs (Previous year 93.81 Lacs). Additionally, an amount of Rs. 1.00 Crore is transferred to General Reserve.

If the final dividend on the shares as, recommended by the Board of Directors, is approved by the shareholders in their 30th Annual General Meeting, payment of such dividend will be made to those



members whose names appear in the Register of Members as per Book closure dates mentioned in the shareholder's information.

#### **Directors Responsibility Statement**

In terms of section 134(3) (c) & 134 (5) of the Companies Act, 2013, and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

- (a) that in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any,
- (b) that such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2016 and of the profit of the Company for the year ended on that date,
- (c) that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities,
- (d) that the annual financial statements have been prepared on going concern basis,
- (e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively, and
- (f) that the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### **Details of Internal Financial Controls with reference to the Financial Statement**

In view of the requirement of the Companies Act, 2013, the Company has successfully documented its Internal Financial Controls (IFC). This ensures orderly and efficient conduct of its business, including adherence to Company policies, safeguarding of its assets, accuracy, prevention of errors & completeness of the accounting records and the timely preparation of reliable financial information.

The Internal Financial Controls with reference to the Financial Statements were adequate and operating effectively.

#### **Details of Subsidiary/Joint Ventures/Associate Companies**

The Company has neither any Subsidiary, Joint Venture nor an Associate Company within the meaning of Companies Act, 2013. However, the Company is evaluating various options to tap the business opportunities in South India as well as in overseas through itself/entity(ies).

#### **Directors and KMP's appointment/ reappointment**

The Board is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors & Whole Time Directors. The other information is as under:

##### **a. Retire by Rotation**

Independent Directors are not liable to retire by rotation. Mr. Anuj Kapuria, Whole Time Director of the Company, retire by

rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

##### **b. Additional Director**

Mr. Bidadi Anjani Kumar was appointed as a Non- Executive and Additional Director of the Company who holds the office till the date of ensuing Annual General Meeting. His appointment is being confirmed at the ensuing Annual General Meeting subject to your approval.

##### **c. Re-appointment of Managerial Personal**

Last appointment of Mr. Deep Kapuria as the Executive Chairman and Whole Time Director was made for 5 Years with effect from January 01, 2012 up to December 31, 2016 and his tenure is coming to an end on December 31, 2016. The Board of Directors upon the recommendation of Nomination and Remuneration Committee has re-appointed them for another period of five (5) years, subject to your approval.

##### **d. Key Managerial Personnel's**

All Whole Time Directors such as Mr. Deep Kapuria, Executive Chairman, Mr. Pranav Kapuria, Managing Director and Mr. Anuj Kapuria, Executive Director are regarded as KMPs, in addition to Chief Financial Officer (C.F.O.) and Company Secretary (C.S.).

Necessary Resolutions for the appointment/reappointment of Directors/Whole Time Directors pursuant to provisions of the Companies Act, 2013 & Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 are being included in the notice for the ensuing Annual General Meeting for the approval of shareholders.

During the year, Mr. P.C. Mathew an Independent director of the Company resigned and Mr. Bidadi Anjani Kumar has joined the Board as Non-Executive Director. Detailed information regarding directors is provided in the Corporate Governance Report.

#### **Meetings of the Board**

Necessary Board Meetings transacted to conduct the operations of the Company. The details are given in the Corporate Governance Report, which forms part of this Annual Report. It is confirmed that the gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Act.

#### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed by SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015 , the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees.

#### **Declaration of Independent Director(s)**

The Independent Directors have submitted their declarations of independence, as required pursuant to provisions of section 149(7)

of the Act, stating that they meet the criteria of independence as provided in sub-section (6).

## **Auditors**

### **a) Statutory Auditors**

M/s Gupta Vigg & Company, Chartered Accountants, (Firm Registration No. 001393N) Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Pursuant to provisions of section 139 of the Act and the Rules made thereunder, the Board upon the recommendation of Audit Committee proposes to reappoint M/s Gupta Vigg & Company, Chartered Accountants as Statutory Auditors of the Company till the conclusion of the next Annual General Meeting. They have furnished a certificate confirming the eligibility under section 141 of the Act and Rules made thereunder.

The Auditors' Report does not contain any qualification, reservation or adverse remark and do not call for any further explanation/ clarification by the Board of Directors as provided under Section 134 of the Act. With respect to the point no. (VII) (b) in Annexure to Auditors' Report with regard to non deposit of disputed taxes. the Board wishes to inform that those matters are related to non-admission of service tax input by the Excise Department, & regular income tax matters for which the Company has preferred appeal to Appellate Authorities. The rest of report by the Statutory Auditors is self explanatory. Please refer to the Notes to Accounts, wherever necessary.

### **b) Cost Auditors**

As per Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the Board of Directors have on the recommendation of the Audit Committee, approved the re-appointment of M/s. Kabra & Associates, Cost Accountants as the Cost Auditors of the Company for the year ending 31<sup>st</sup> March, 2017. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your approval for payment of remuneration to Cost Auditors is being sought at the ensuing Annual General Meeting. Accordingly, a resolution seeking approval by members for the remuneration payable to M/s Kabra & Associates is included in the Notice convening 30th Annual General Meeting.

### **c) Secretarial Auditor**

Section 204 of the Companies Act, 2013 inter-alia requires every listed company to annex with its Board's report, a Secretarial Audit Report provided by a Company Secretary in Practice, in the prescribed form. The Board of Directors appointed M/s Grover Ahuja & Associates, Practicing Company Secretaries as Secretarial Auditor to conduct Secretarial Audit of the Company and their report is annexed to this Board report (Annexure I). The Secretarial Audit Report does not contain any qualification, reservation or adverse remark and do not call for any further explanation/ clarification by the Board of Directors under the Act.

## **Internal Control Systems and its Adequacy**

The Company has internal control systems commensurate with the size, scale and complexity of its business operations. The scope and functions of Internal Auditors are defined and reviewed by the Audit committee. Internal Auditors present their quarterly report to the Audit Committee, highlighting various observations, system and procedure related lapses, if any and corrective actions being taken to address them.

## **Extract of Annual Return**

As required pursuant to section 92(3) & 134 (3) (a) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in MGT 9 as a part of this Annual Report as Annexure II.

## **The Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo.**

Details of Energy Conservation, Technology Absorption, Research & Development activities undertaken by the Company and foreign exchange earnings and outgo of the Company and other information in accordance with the provisions of Section 134(3) (m) of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988, are given in Annexure III, to this Report.

## **Report on Corporate Governance**

The Report on Corporate Governance is given separately and forming part of this report and the certificate from the Statutory Auditors confirming compliance with the provisions of Corporate Governance as stipulated in Regulation 15 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also attached to the report.

## **Management discussion & analysis report**

The Management Discussion & Analysis Report is given separately and forming part of this report.

## **Risk Management Policy**

Pursuant to Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provisions of constituting Risk Management Policy are not applicable to the Company.

## **Corporate Social Responsibility**

Pursuant to the provisions of Section 135 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder the brief of the Corporate Social Responsibility is provided in Annexure IV.

## **Particulars of contracts or arrangements with related parties**

All transactions entered by the Company with the parties, which may be regarded with related parties, were considered to be in the ordinary course of business and on the arm's length basis. As provided under section 134(3)(h) of the Act and Rules made thereunder disclosure of particulars of material transactions with related parties entered into by the Company with related parties in



the prescribed format annexed to this report as Annexure V. Disclosures on related party transactions are also set out in Note No. 31 to the financial statements. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.hitechgears.com/images/RPT.pdf>.

### **Electronic Clearing Services (ECS)**

As per the circular issued by Securities & Exchange Board of India (SEBI), companies should mandatorily use the facility of Electronic Clearing Services (ECS), for distribution of dividends to its members. This facility provides to the members an opportunity to receive dividend amount directly in their bank accounts. For availing this facility, members holding shares in physical form may send their duly filled ECS mandate form to the Company's Registrar and Share Transfer Agent (RTA). Members are holding shares in dematerialized form may kindly note that their bank account details as furnished to their depositories will be taken for the purpose of ECS and the Company.

### **Postal Ballot**

During the financial year 2015-16, no Resolution was required to be passed through postal ballot. Similarly, at the forthcoming Annual General Meeting, there is no item for approval through Postal Ballot is being placed.

### **Code of Conduct of Insider Trading**

The Company has adopted a Code of Conduct to regulate, monitor and report trading by insiders. This Code of Conduct is intended to prevent misuse of Unpublished Price Sensitive Information ("UPSI") by designated persons.

In accordance with such Code of Conduct, the Company closes its trading window for Designated Persons from time to time. The trading window is also closed during and after occurrence of price sensitive events as per the said Code of Conduct.

### **Code of Conduct**

Your Company has adopted a Code of Conduct for its Board Members and Senior Management personnel. The code of conduct has also been posted on the official website of the Company.

The Declaration by the Managing Director of the Company regarding compliance with the Code of Conduct for Board Members and Senior Management is annexed with the Corporate Governance Report.

### **Reconciliation of Share Capital Audit**

M/s Grover Ahuja & Associates, practicing Company Secretary carried out the Secretarial Audit on quarterly basis to reconcile the total issued and listed share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Board of Directors confirms that the total issued and paid up capital as on 31<sup>st</sup> March, 2016 is reconciled with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Reconciliation of Share Capital Audit Certificate is being submitted every quarter to the Stock Exchanges and is also placed before the Board Meeting.

### **Listing of Shares**

With a view to provide easy liquidity in the shares of the Company, the equity shares of your Company are presently listed on the premier stock exchanges viz., the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange India Limited (BSE) Mumbai. Pursuant to Regulation 14 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the annual listing fees for the year 2016-2017 has been paid within the prescribed time period.

### **Fixed Deposits**

During the year under review your Company neither invited nor accepted any deposit within the meaning of Section 73 of the Companies Act, 2013, and rules made there under.

### **Dematerialization of the equity shares**

99.32 % of the total equity shares of the Company are held in dematerialized form with the participants of National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited as on the date of this report.

Keeping in view the benefits of dematerialization, your directors urge the shareholders holding shares in physical form to get their shares dematerialized.

### **Change of Name**

The name of the Company has been changed by prefixing "The" before the existing name of the Company, making it "The Hi-Tech Gears Limited" which was approved by the members in 29<sup>th</sup> Annual General Meeting of the Company. The fresh Certificate of Incorporation in this regard has been issued by Registrar of Companies, Jaipur ('ROC') dated October 08, 2015.

### **Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

### **Audit Committee**

Company has duly constituted Audit Committee, which meets on regular intervals for the business required to be transacted thereat. The recommendations made by such committee are accepted by the Board.

As per Companies Act, 2013, the Company has reconstituted and revised the roles, responsibilities & powers of the Audit Committee. A synopsis is described in the Corporate Governance report.

### **Vigil Mechanism Policy**

The Company has a vigil mechanism policy to deal with any instance of fraud and mismanagement. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination with any person for a genuinely raised concern. The policy may be accessed on the



Company's website at the link: [http://www.hitechgears.com/images/Vigil\\_Mechanism\\_Policy.pdf](http://www.hitechgears.com/images/Vigil_Mechanism_Policy.pdf)

#### **Obligation of Company under the Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013**

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

#### **Particulars of Loans given, Investments made, Guarantees given and Securities provided**

The company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

The details of the investments made by company are given in the notes to the financial statements.

#### **Material changes and Commitments**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year to which the financial statements relate and the date of the report.

#### **Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future**

There is no significant and/or material order passed by the regulators or courts or tribunals impacting the going concern status of the Company.

#### **Particulars of Employees**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure VI.

#### **Business Responsibility Reporting**

As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of Business Responsibility

Reporting is not applicable.

#### **Personnel**

The Board of Directors place on record their appreciation of the untiring efforts of the employees of the organisation at every level. The efforts to create a family like atmosphere continued throughout the year. Like the 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 of employees provided further impetus and have contributed towards the all round improved performance of your company. The Company encourages by rewarding & recognising employees for their long term commitment as & when the opportunity arise.

#### **Trade Relations**

The Board of Directors place on record their appreciation for the co-operation and valuable support extended by the customers, the suppliers and all other persons directly or indirectly associated with the Company. Your Company regards them as partners and shares with them a common vision of growth in the future.

#### **Acknowledgement**

Your directors place on record their sincere appreciation for the assistance, cooperation and valuable support provided to the Company by Customers, Vendors, Banks & Financial Institutions and hope to continue to receive the same in future. Your Directors also record their appreciation for the commitment and dedication of the employees of the Company at all levels.

The Board of Directors also place on record their gratitude to the shareholders of the Company for their continued support to and confidence in the management of the Company.

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

Place : New Delhi  
Dated : 11/08/2016

Sd/-  
Deep Kapuria  
Chairman



## ANNEXURE I

### ANNEXURE TO THE DIRECTORS' REPORT

Form No. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To  
The Members,  
M/s. The Hi-Tech Gears Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by The Hi-Tech Gears Limited formerly known as Hi-Tech Gears Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31<sup>st</sup> March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - ii. The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
  - iii. The Securities and Exchange Board of India

(Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- iv. The Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-

- i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- v. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock purchase Scheme) Guidelines, 1999;
- (vi) Factories Act, 1948 and Rajasthan Factory Rules, 1951;
- (vii) The Environment (Protection) Act, 1986 and other Environment laws;
- (viii) The Employees Provident Fund & Miscellaneous Provisions Act, 1952;
- (ix) Income Tax Act, 1961 and Indirect Tax Laws such as Excise, VAT, Service Tax, etc.;
- (x) Industrial Dispute Act, 1947;
- (xi) Minimum Wages Act, 1948;
- (xii) Contract Labour Act, 1970;
- (xiii) Payment of Bonus Act, 1965;
- (xiv) Employee's State Insurance Act, 1948;
- (xv) Payment of Wages Act, 1936 and other applicable Labour & Industrial Laws.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India: Applicability of SS-1, SS-2 w.e.f. 1st July, 2015;
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE) & National Stock Exchange (NSE);

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations;

We report that:

- a) As per the information and explanations provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we report that the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of :
- (i) External Commercial Borrowings were not attracted to the Company under the financial year under report;
  - (ii) Foreign Direct Investment (FDI) were not attracted to the company under the financial year under report;
  - (iii) Overseas Direct Investment by Residents in Joint Venture / Wholly Owned Subsidiary abroad were not attracted to the company under the financial year under report.
- b) As per the information and explanations provided by the company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ ADRs or any Commercial Instrument under the financial year under report.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Grover Ahuja & Associates**  
**Company Secretaries**

**Akarshika Goel**  
**(Partner)**

**ACS No.:** 29525  
**C.P No.:** 12770

**Place:** New Delhi  
**Date:** 25/05/2016

This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

**Annexure A**

To  
The Members  
M/s. The Hi-Tech Gears Limited

**Our report of even date is to be read along with this letter.**

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

For **Grover Ahuja & Associates**  
**Company Secretaries**

**Akarshika Goel**  
**(Partner)**

**ACS No.:** 29525  
**C.P No.:** 12770

**Place:** New Delhi  
**Date:** 25/05/2016



**ANNEXURE II**

**FORM NO. MGT 9**

Extract of Annual Return  
as on financial year ended on 31.03.2016  
[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.]

**I. REGISTRATION & OTHER DETAILS:**

|    |  |  |
|----|--|--|
| 1. | CIN  | L29130RJ1986PLC004536  |
| 2. | Registration Date  | 23/10/1986   |
| 3. | Name of the Company  | The Hi-Tech Gears Limited (formerly known as Hi-Tech Gears Limited)  |
| 4. | Category/Sub-category of the Company                                       | Company Limited by Shares/Indian Non-Government Company  |
| 5. | Address of the Registered office & contact details                         | A-589, Industrial Complex, Bhiwadi-301019<br>Distt. Alwar, Rajasthan, India.<br>Tel: (01493) 641237-39 / 641227-29   |
| 6. | Whether listed company   | Yes  |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | MAS Services Limited<br>(Unit: The Hi-Tech Gears Limited)<br>T-34, 2 <sup>nd</sup> Floor, Okhla Industrial Area, Phase –II, New Delhi – 110020.<br>Ph.: 011-26387281, 82, 83, Fax: 011-26387384<br>Website : <a href="http://www.masserv.com">www.masserv.com</a><br>Email : <a href="mailto:info@masserv.com">info@masserv.com</a> ; <a href="mailto:sm@masserv.com">sm@masserv.com</a> |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ Service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| 1       | Manufacturing of Gears                           | 28140                            | 100%                               |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ Service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| N.A.    |  |                                  |                                    |

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as %age of Total Equity)**

**Category-wise Share Holding**

| Category of Shareholders           | No. of Shares held at the beginning of the year [As on 31-March-2015] |          |          |                  | No. of Shares held at the end of the year [As on 31-March-2016] |          |          |                   | % Change during the year |
|------------------------------------|---|----------|----------|------------------|---|----------|----------|-------------------|--------------------------|
|                                    | Demat   | Physical | Total    | % of Total Share | Demat   | Physical | Total    | % of Total Shares |                          |
| <b>A. Promoters</b>                |   |          |          |                  |   |          |          |                   |                          |
| (1) Indian                         |   |          |          |                  |   |          |          |                   |                          |
| a) Individual/ HUF                 | 5571545   | 8000     | 5579545  | 29.73            | 5571545   | 8000     | 5579545  | 29.73             | 0                        |
| b) Central Govt                    | -   | -        | -        | -                | -   | -        | -        | -                 | -                        |
| c) State Govt(s)                   | -   | -        | -        | -                | -   | -        | -        | -                 | -                        |
| d) Bodies Corp.                    | 4799076   | 0        | 4799076  | 25.57            | 4799076   | 0        | 4799076  | 25.57             | 0                        |
| e) Banks / FI                      | -   | -        | -        | -                | -   | -        | -        | -                 | -                        |
| f) Any other                       | -   | -        | -        | -                | -   | -        | -        | -                 | -                        |
| Total shareholding of Promoter (A) | 10370621  | 8000     | 10378621 | 55.30            | 10370621  | 8000     | 10378621 | 55.30             | 0                        |

| Category of Shareholders   | No. of Shares held at the beginning of the year<br>[As on 31-March-2015] |               |                 |                  | No. of Shares held at the end of the year<br>[As on 31-March-2016] |               |                 |                   | % Change during the year |
|--|--|---------------|-----------------|------------------|--|---------------|-----------------|-------------------|--------------------------|
|  | Demat  | Physical      | Total           | % of Total Share | Demat  | Physical      | Total           | % of Total Shares |                          |
| <b>B. Public Shareholding</b>  |  |               |                 |                  |  |               |                 |                   |                          |
| <b>1. Institutions</b>   |  |               |                 |                  |  |               |                 |                   |                          |
| a) Mutual Funds  | -  | 800           | 800             | 0.01             | -  | 800           | 800             | 0.00              | 0                        |
| b) Banks / FI  | 18399  | 900           | 19299           | 0.10             | 18997  | 900           | 19897           | 0.11              | 0.01                     |
| c) Central Govt  | -  | -             | -               | -                | -  | -             | -               | -                 | -                        |
| d) State Govt(s)   | -  | -             | -               | -                | 2700   | -             | 2700            | 0.01              | 0.01                     |
| e) Venture Capital Funds   | -  | -             | -               | -                | -  | -             | -               | -                 | -                        |
| f) Insurance Companies   | -  | -             | -               | -                | -  | -             | -               | -                 | -                        |
| g) FIs   | -  | -             | -               | -                | 1000   | -             | 1000            | 0.01              | 0.01                     |
| h) Foreign Venture Capital Funds   | 1000   | 0             | 1000            | 0.01             | -  | -             | -               | -                 | (0.01)                   |
| i) Others (specify)  | -  | -             | -               | -                | -  | -             | -               | -                 | -                        |
| <b>Sub-total (B)(1):-</b>  | <b>19399</b>   | <b>1700</b>   | <b>21099</b>    | <b>0.12</b>      | <b>22697</b>   | <b>1700</b>   | <b>24397</b>    | <b>0.13</b>       | <b>0.02</b>              |
| <b>2. Non-Institutions</b>   |  |               |                 |                  |  |               |                 |                   |                          |
| <b>a) Bodies Corp.</b>   |  |               |                 |                  |  |               |                 |                   |                          |
| i) Indian  | 1739288  | 10672         | 1749960         | 9.32             | 1743079  | 10672         | 1753751         | 9.34              | 0.02                     |
| ii) Overseas   | 0  | 0             | 0               | 0                | 0  | 0             | 0               | 0                 | 0                        |
| b) Individuals   |  |               |                 |                  |  |               |                 |                   |                          |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh         | 1700581  | 114041        | 1814622         | 9.67             | 2344756  | 109061        | 2453817         | 13.07             | 3.40                     |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 4662137  | 0             | 4662137         | 24.84            | 4012579  | 0             | 4012579         | 21.38             | -3.46                    |
| c) Others (specify)  | -  | -             | -               | -                | -  | -             | -               | -                 | -                        |
| Non Resident Indians   | 79495  | 0             | 79495           | 0.42             | 93332  | 0             | 93332           | 0.50              | 0.08                     |
| Overseas Corporate Bodies  | -  | -             | -               | -                | -  | -             | -               | -                 | -                        |
| Foreign Nationals  | -  | -             | -               | -                | -  | -             | -               | -                 | -                        |
| Any Other/ Clearing Members  | 62066  | 0             | 62066           | 0.33             | 51503  | 0             | 51503           | 0.27              | -0.06                    |
| Trusts   | -  | -             | -               | -                | -  | -             | -               | -                 | -                        |
| Foreign Bodies - D R   | -  | -             | -               | -                | -  | -             | -               | -                 | -                        |
| <b>Sub-total (B)(2):-</b>  | <b>8243567</b>   | <b>124713</b> | <b>8368280</b>  | <b>44.59</b>     | <b>8245249</b>   | <b>119733</b> | <b>8364982</b>  | <b>44.57</b>      | <b>0.02</b>              |
| Total Public Shareholding (B)=(B)(1)+ (B)(2)                                     | 8262966  | 126413        | 8389379         | 44.70            | 8267946  | 121433        | 8389379         | 44.70             | 0.00                     |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                           | -  | -             | -               | -                | -  | -             | -               | -                 | -                        |
| <b>Grand Total (A+B+C)</b>   | <b>18633587</b>  | <b>134413</b> | <b>18768000</b> | <b>100.00</b>    | <b>18638567</b>  | <b>129433</b> | <b>18768000</b> | <b>100.00</b>     | <b>0.00</b>              |



**B) Shareholding of Promoter-**

| Sl. No. | Shareholder's Name                    | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding during the year |
|---------|---------------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|         |                                       | No. of Shares                             | % of total Shares of the company | % of Shares Pledged/encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged/encumbered to total shares |   |
| 1       | Vulcan Electro Controls Limited       | 1082000                                   | 5.77                             | -  | 1082000                             | 5.77                             | -  | 0.00                                      |
| 2       | Olympus Electrical Industries Pvt Ltd | 1745200                                   | 9.30                             | -  | 1745200                             | 9.30                             | -  | 0.00                                      |
| 3       | Hi-Tech Portfolio Investments Limited | 1971876                                   | 10.51                            | -  | 1971876                             | 10.51                            | -  | 0.00                                      |
| 4       | Veena Kapuria                         | 501120                                    | 2.67                             | -  | 501120                              | 2.67                             | -  | 0.00                                      |
| 5       | Dev Kumari Kapuria                    | 2000                                      | 0.01                             | -  | 2000                                | 0.01                             | -  | 0.00                                      |
| 6       | Anuj Kapuria                          | 844062                                    | 4.50                             | -  | 844062                              | 4.50                             | -  | 0.00                                      |
| 7       | Pranav Kapuria                        | 848102                                    | 4.52                             | -  | 848102                              | 4.52                             | -  | 0.00                                      |
| 8       | Deep Kapuria                          | 3117461                                   | 16.61                            | -  | 3117461                             | 16.61                            | -  | 0.00                                      |
| 9       | Deep Kapuria & Sons (HUF)             | 220800                                    | 1.18                             | -  | 220800                              | 1.18                             | -  | 0.00                                      |
| 10      | Master Abhay Kapuria                  | 8000                                      | 0.04                             | -  | 8000                                | 0.04                             | -  | 0.00                                      |
| 11      | Adhiveer Kapuria                      | 19000                                     | 0.10                             | -  | 19000                               | 0.10                             | -  | 0.00                                      |
| 12      | Adhiraj Kapuria                       | 19000                                     | 0.10                             | -  | 19000                               | 0.10                             | -  | 0.00                                      |
|         | <b>Total</b>                          | <b>10378621</b>                           | <b>55.30</b>                     | <b>-</b>                                       | <b>10378621</b>                     | <b>55.30</b>                     | <b>-</b>                                       | <b>0.00</b>                               |

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

No change took place in Promoters' Shareholding during the year i.e. from 01<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016.

**D) Shareholding Pattern of top ten Shareholders:**

**(Other than Directors, Promoters and Holders of GDRs and ADRs):**

| Top 10 Shareholders                      | Shareholding at the beginning of the year(April 1, 2015) |                                  | Cumulative shareholding during the year (March 31, 2016) |                                  |
|--|--|----------------------------------|--|----------------------------------|
|  | No. of shares  | % of Total Shares of the Company | No. of Shares  | % of total shares of the Company |
| Anuj Anantrai Sheth                      | 759959   | 4.05                             | 759959   | 4.05                             |
| Nemish S Shah                            | 580000   | 3.09                             | 580000   | 3.09                             |
| Mukesh Chimanlal Patani                  | 536762   | 2.86                             | 536762   | 2.86                             |
| Hiten Anantrai Sheth                     | 285000   | 1.52                             | 285000   | 1.52                             |
| Anvil Share And Stock Broking Pvt. Ltd   | 243481   | 1.30                             | 351380   | 1.88                             |
| Accolade Finvest Private Limited         | 223990   | 1.19                             | 0  | 0.00                             |
| Sudarshan Securities Private Limited     | 179600   | 0.96                             | 0  | 0.00                             |
| Sonal D Shah                             | 150020   | 0.80                             | 0  | 0.00                             |
| Preeti N Shah                            | 150000   | 0.80                             | 0  | 0.00                             |
| Urmila D Shah                            | 150000   | 0.80                             | 0  | 0.00                             |
| Nemish S Shah                            | 0  | 0.00                             | 767049   | 4.09                             |
| Prescient Wealth Management Pvt Ltd      | 0  | 0.00                             | 223990   | 1.19                             |
| Amrit Petroleums Pvt Limited             | 0  | 0.00                             | 179600   | 0.95                             |
| Gagandeep Credit Capital Private Limited | 0  | 0.00                             | 148376   | 0.79                             |
| Zafar Ahmadullah                         | 0  | 0.00                             | 133000   | 0.70                             |

Note: 1. the shares of the Company are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated.

**E) Shareholding of Directors and Key Managerial Personnel:**

| S. No.   | Name   | Shareholding   |                                  | Date      | Increase/Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-15 to 31-03-16) | % of total shares of the Company |
|----------|--|--|----------------------------------|-----------|-----------------------------------|--------|--|----------------------------------|
|          |  | No. of Shares at the beginning (01-04-15)/end of the year (31-03-16) | % of total shares of the Company |           |                                   |        | No. of Shares  |                                  |
| <b>A</b> | <b>DIRECTORS</b>   |  |                                  |           |                                   |        |  |                                  |
| 1        | Mr. Deep Kapuria   | 3117461  | 16.61                            | 1-Apr-15  | -                                 | -      | 3117461  | 16.61                            |
|          |  | 3117461  | 16.61                            | 31-Mar-16 | -                                 | -      | 3117461  | 16.61                            |
| 2        | Mr. Pranav Kapuria   | 848102   | 4.52                             | 1-Apr-15  | -                                 | -      | 848102   | 4.52                             |
|          |  | 848102   | 4.52                             | 31-Mar-16 | -                                 | -      | 848102   | 4.52                             |
| 3        | Mr. Anuj Kapuria   | 844062   | 4.50                             | 1-Apr-15  | -                                 | -      | 844062   | 4.50                             |
|          |  | 844062   | 4.50                             | 31-Mar-16 | -                                 | -      | 844062   | 4.50                             |
| 4        | Mr. Sandeep Dinodia  | 0  | 0.00                             | 1-Apr-15  | -                                 | -      | 0  | 0.00                             |
|          |  | 0  | 0.00                             | 31-Mar-16 | -                                 | -      | 0.00   |                                  |
| 5        | Mr. Ramesh Chandra Jain                                      | 0  | 0.00                             | 1-Apr-15  | -                                 | -      | 0  | 0.00                             |
|          |  | 0  | 0.00                             | 31-Mar-16 | -                                 | -      | 0.00   |                                  |
| 6        | Mr. Anil Kumar Khanna  | 0  | 0.00                             | 1-Apr-15  | -                                 | -      | 0  | 0.00                             |
|          |  | 0  | 0.00                             | 31-Mar-16 | -                                 | -      | 0.00   |                                  |
| 7        | Mr. Puthenvittil Chandapillai Mathew (01.04.2015-03.11.2015) | 0  | 0                                | 1-Apr-15  | -                                 | -      | 0  | 0.00                             |
|          |  | 0  | 0                                | 31-Mar-16 | -                                 | -      | 0.00   |                                  |
| 8        | Mr. Bidadi Anjani Kumar (03.11.2015-31.03.2016)              | 0  | 0.00                             | 1-Apr-15  | -                                 | -      | 0  | 0.00                             |
|          |  | 0  | 0.00                             | 31-Mar-16 | -                                 | -      | 0.00   |                                  |
| 9        | Mr. Vinit Taneja   | 5600   | 0.03                             | 1-Apr-15  | -                                 | -      | 5600   | 0.03                             |
|          |  | 5600   | 0.03                             | 31-Mar-16 | -                                 | -      | 5600   | 0.03                             |
| 10       | Mr. Krishna Chandra Verma                                    | 0  | 0.00                             | 1-Apr-15  | -                                 | -      | 0  | 0.00                             |
|          |  | 0  | 0.00                             | 31-Mar-16 | -                                 | -      | 0.00   |                                  |
| 11       | Mr. Prosad Das Gupta   | 0  | 0.00                             | 1-Apr-15  | -                                 | -      | 0  | 0.00                             |
|          |  | 0  | 0.00                             | 31-Mar-16 | -                                 | -      | 0.00   |                                  |
| 12       | Ms. Malini Sud   | 0  | 0.00                             | 1-Apr-15  | -                                 | -      | 0  | 0.00                             |
|          |  | 0  | 0.00                             | 31-Mar-16 | -                                 | -      | 0.00   |                                  |
| <b>B</b> |  |  |                                  |           |                                   |        |  |                                  |
| 13       | Mr. Alok Agarwal (CFO) (1.04.2015 – 31.03.2016)              | 0  | 0.00                             | 1-Apr-15  | -                                 | -      | 0  | 0.00                             |
|          |  | 0  | 0.00                             | 31-Mar-16 | -                                 | -      | 0.00   |                                  |
| 14       | Mr. S.K. Khatri (Secretary) (01.04.2015- 31.03.2016)         | 0  | 0.00                             | 1-Apr-15  | -                                 | -      | 0  | 0.00                             |
|          |  | 0  | 0.00                             | 31-Mar-16 | -                                 | -      | 0.00   |                                  |



V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment

|  | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total<br>Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |          |                       |
| i) Principal Amount  | 181,216,600                         | -                  | -        | 181,216,600           |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                     |
| iii) Interest accrued but not due                          | 1,284,111                           | -                  | -        | 1,284,111             |
| <b>Total (i+ii+iii)</b>                                    | <b>182,500,711</b>                  | -                  | -        | <b>182,500,711</b>    |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |          |                       |
| * Addition   | 42,97,800                           | -                  | -        | 42,97,800             |
| * Reduction  | 141,243,000                         | -                  | -        | 141,243,000           |
| <b>Net Change</b>  | <b>136,945,200</b>                  | -                  | -        | <b>136,945,200</b>    |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                    |          |                       |
| i) Principal Amount  | 44,271,400                          | -                  | -        | 44,271,400            |
| ii) Interest due but not paid                              | -                                   | -                  | -        | -                     |
| iii) Interest accrued but not due                          | 91,669                              | -                  | -        | 91,669                |
| <b>Total (i+ii+iii)</b>                                    | <b>44,363,069</b>                   | -                  | -        | <b>44,363,069</b>     |

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. No. | Particulars of Remuneration   | Name of MD/WTD/ Manager  |                                 |                                | Total Amount |
|---------|---|--|---------------------------------|--------------------------------|--------------|
|         |   | Mr. Deep Kapuria (Chairman) 2015-16  | Mr. Pranav Kapuria (MD) 2015-16 | Mr. Anuj Kapuria (WTD) 2015-16 |              |
| 1       | Gross salary  |  |                                 |                                |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 10,157,400   | 3,840,000                       | 3,217,549                      | 17,214,949   |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 1,051,584  | 797,306                         | 823,209                        | 2,672,099    |
|         | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | Nil  | Nil                             | Nil                            | Nil          |
| 2       | Stock Option  | Nil  | Nil                             | Nil                            | Nil          |
| 3       | Sweat Equity  | Nil  | Nil                             | Nil                            | Nil          |
| 4       | Commission*<br>- as % of profit<br>- others, specify...                             | 5,494,305  | 4,145,850                       | 4,145,850                      | 13,786,005   |
| 5       | Others, please specify  | Nil  | Nil                             | Nil                            | Nil          |
|         | Total (A)   | 16,703,289   | 8,783,156                       | 8,186,608                      | 33,673,053   |
|         | Ceiling as per the Act  | Being 10% of the net profit of the Company as calculated as per section 197, 198 & other applicable provisions of Companies Act, 2013. |                                 |                                |              |

\* The Commission relates to 2015-16, however the same is still to be disbursed



**B. Remuneration to other directors**

| S. No. | Name of the Directors & Designation  | Commission (Rs)   | Sitting Fees (Rs) | Total Amount (Rs) |
|--------|--|---|-------------------|-------------------|
| 1      | Mr. Anil Kumar Khanna, Independent Director                                    | 2,16,621  | 110,000           | 3,26,621          |
| 2      | Mr. Sandeep Dinodia, Independent Director                                      | 2,16,621  | 120,000           | 3,36,621          |
| 3      | Mr. Vinit Taneja, Independent Director   | 2,16,621  | 70,000            | 2,86,621          |
| 4      | Mr. Prosad Dasgupta, Independent Director                                      | 2,16,621  | 40,000            | 2,56,621          |
| 5      | Mr. P.C. Mathew, Independent Director (Resigned on 3 <sup>rd</sup> Nov., 2015) | 1,27,842  | 30,000            | 1,57,842          |
| 6      | Mr. Bidadi Anjani Kumar (Joined on 3 <sup>rd</sup> Nov., 2015)                 | 88,782  | 10,000            | 98,782            |
| 7      | Mr. K.C. Verma, Independent Director   | 2,16,621  | 60,000            | 2,76,621          |
| 8      | Ms. Malini Sud, Independent Director   | 2,16,621  | 50,000            | 2,66,621          |
| 9      | Mr. R.C. Jain, Non-Executive Director  | 2,16,621  | 40,000            | 2,56,621          |
|        | Total (B)  | 1,732,971   | 530,000           | 2,262,971         |
|        | Ceiling as per the Act   | Being 1% of the net profit of the Company as calculated as per section 197, 198 & other applicable provisions of Companies Act, 2013. However the payout is restricted to 0.5% of the Net Profits calculated in terms of section 197, 198 & other applicable provisions of Companies Act, 2013. |                   |                   |

Total Managerial Remuneration ceiling as per Act:-

Being 11% of the net profit of the Company as calculated as per section 197, 198 & other applicable provisions of Companies Act, 2013.

Total Managerial Remuneration (Total A+B) is Rs. 35,406,024/-

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Amount in Rs.

| S. No. | Particulars of Remuneration   | Mr. Alok Agarwal (CFO) (2015-16) | Mr. S.K. Khatri (CS) (2015-16) | Total in Rs.     |
|--------|---|----------------------------------|--------------------------------|------------------|
| 1      | Gross salary  |                                  |                                |                  |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 4,085,680                        | 1,721,240                      | 5,806,920        |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 1300                             | 1300                           | 2600             |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | Nil                              | Nil                            | Nil              |
| 2      | Stock Option  | Nil                              | Nil                            | Nil              |
| 3      | Sweat Equity  | Nil                              | Nil                            | Nil              |
| 4      | Commission<br>- as % of profit<br>- Others, specify...                              | Nil<br>Nil                       | Nil<br>Nil                     | Nil<br>Nil       |
| 5      | Others, please specify  | Nil                              | Nil                            | Nil              |
|        | <b>Total</b>  | <b>4,086,980</b>                 | <b>1,722,540</b>               | <b>5,809,520</b> |



**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (RD/ NCLT/ Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|-----------------------------|-----------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                             |                                   |
| Penalty                             |                              |                   | None   |                             |                                   |
| Punishment None                     |                              |                   |  |                             |                                   |
| Compounding                         |                              |                   |  |                             |                                   |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                             |                                   |
| Penalty                             |                              |                   | None   |                             |                                   |
| Punishment None                     |                              |                   |  |                             |                                   |
| Compounding                         |                              |                   |  |                             |                                   |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                             |                                   |
| Penalty                             |                              |                   | None   |                             |                                   |
| Punishment None                     |                              |                   |  |                             |                                   |
| Compounding                         |                              |                   |  |                             |                                   |

### ANNEXURE III

#### INFORMATION AS PER SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013, READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

##### A. CONSERVATION OF ENERGY

Continuous efforts are being made to conserve the energy. The activities are ongoing to save and optimum utilization for electricity and fuel and thereby reducing energy cost. Some of initiatives taken/ improved are as under:

- Use of Solar Pipe in Under Ground Pump Room to avoid all lighting during Day time.
- Installation of Energy Efficient 120KVA UPS on ESCO Model.
- Drip Irrigation system for the Shrub, Grass and the Plant to reduce the water consumption.
- Installed 12Nos Fume Extractor on Hobbing Machine to eliminate the Oil mist inside the plant.
- Energy conservation by adaptation & continuous running of VFD in 570 CFM Air compressor.
- Energy conservation by reduction of generated pressure of Air Compressor by 1 Bar by adaptation of Air boosters at machines of high pressure requirement.
- Energy conservation through provision of Pressure regulator at Air Guns and reduction of air leakages.
- Energy conservation thru Adaptation of Temperature Controller unit for running Blower fan in Cooling Tower.
- Energy Conservation by Installation of FRP fan in Cooling Tower.
- Reduction of energy costs by improvement in power factor from 0.97 to 0.99.
- Energy saving in Sealed Quench Furnaces by reduction in running of Quench oil radiator fans.
- Reduction of Energy consumption in Washing machines in Heat Treatment by 30% through optimisation of utilization.
- Energy Conservation by Automation of CNC machines by auto switching Off of electric motors & chip conveyor motors.
- Company continued to purchase power from alternate source for all its Plants from other electricity providers through Energy Exchange at the competitive rates, resulting reduction of power cost.
- Own generation of Energy from DG sets minimized.
- Water conservation measures to minimize water consumption.
- Auto power factor control (APFC) panel are installed and maintained for improving the power factor to reduce the energy cost.]
- Usage of LED lights instead of conventional lights.

- Rain water harvesting adopted in some plants.
- Use of ETP/STP water for gardening & toilet finishing.
- Systematic maintenance and loss reduction in Induction Furnaces to optimize energy consumption per ton.
- Periodic cleaning of Air Filters and preventive maintenance of AHUs.
- Energy Audits are done on periodic basis and corrective actions taken, wherever required.
- Various Modules are developed to conserve and save the energy. The same are monitored thru Project Management system.

Additionally, the newly built up state of the art plant in Bhiwadi, an 'ECOFAC Plant', i.e. a sustainable green manufacturing plant is working to satisfy all green needs. The Plant has been awarded the Gold rating by the Indian Green Building Council. It has many energy conservation features.

Additional cost, if any for above measures are absorbed in the production/operation process, thus no cost is identified separately

New ideas are being adopted across the shop floor, factory area and even in office premises to conserve and promote of operations. Accordingly, the company will continue to adopt future proposals for consumption of energy.

The impacts of above measures are mainly reduction in power & fuel consumption, resulting reduction of cost of production. The information relating to Total Energy Consumption and Energy Consumption per unit of production is not applicable to Company, thus the Form A is not furnished.

##### B. TECHNOLOGY ABSORPTION

- i) Efforts made in Technology Absorption:

The Company has absorbed the technologies received from its partners in the past and in the last five years; no further technologies have been imported.

The steps initiated by the Company for implementation and absorption of Lean Manufacturing are consistently showing encouraging outcome. Further, Company's commitment towards Total Productivity Maintenance (TPM) has yielded excellent results in quality and design of the products. These efforts shall ensure that the above said technology and the work culture is harnessed and percolated down to the entire organization. Your Company has continuously endeavored to acquire world-class technology both in hardware and software.

The benefit and impacts of above mentioned measures are lead time reduction of the various complex methods, elimination of waste and saving of time and efforts.

- ii) Specific areas in which Research and Development carried out by the Company.

The company is registered under the DSIR for undertaking research and development. Research & Development were carried in product development,



process development, energy conservation, environment protection, cost reduction and automation. In this process of Research & Development, development is also achieved thru Customer Collaboration on a continuous basis, resulting in improved and enhanced design and material database.

- iii) Benefits derived with the installation of various additional equipments have made it possible to achieve consistency in production and quality of the existing finished product and the new product development.
- iv) Future plan of Action
  - a) Installation of 250 KW Solar Power Plant.
  - b) Conversion of LPG line to PNG in Heat Treatment Area & Canteen
  - c) Reduction in process losses by identifying the area of operation.
  - d) Development of new products
  - e) Measures required for the utilization of the renewable energy
  - f) Plans for high & Energy efficient motors to be replaced with old motors.
  - g) Project adopted for optimizing the motor capacity in machines.

h) Usage of LED lights instead of conventional lights. Use of solar light for street light around the building.

v) Expenditure on Research & Development

Development and improvement of products has been an inbuilt and ongoing activity within the existing manufacturing facilities, Management has identified the quantum, which is mentioned in Note no. 45 of Notes to Accounts.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO**

At the export front, the Company also did well and recorded an export turnover of Rs. 10053.55 Lacs compare to Rs. 9316.85 Lacs in the previous year, thereby recorded an increase of 15.75% compared to 12% during the same period in previous year. The total exports are now 23.85% of the total turnover. The details of Foreign Exchange Inflow and outflow are as under:

|                   | <b>(Rs. In lacs)</b> |
|-------------------|----------------------|
| Inflow            | 10053.55             |
| Outflow           |                      |
| Capital Equipment | 271.02               |
| Others            | 497.63               |
| Consumables       | 297.94               |

## ANNEXURE IV

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

CSR is a commitment by business to behave ethically and contribute to economic development and to improve the quality of life of local community and society at large. It includes ensuring environmental sustainability, promoting gender equality, education etc. Business entities can no longer limit themselves to using resources, to engage in activities that increase their profits. They have to be socially responsible corporate citizens and also contribute to the social good.

We have assumed the above requirement to act in socially diligent manner. We have explored its impact on the economic, social and environmental sector which directly affects the relationships with employees, society, environment and other stake holders.

#### Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company's CSR policy has been uploaded in the website of the Company under the web-link: [http://www.hitechgears.com/images/Corporate\\_Social\\_Responsibility\\_policy.pdf](http://www.hitechgears.com/images/Corporate_Social_Responsibility_policy.pdf)

#### Composition of the CSR Committee

Mr. K.C. Verma, Chairman- Independent Director

Mr. Deep Kapuria, Member- Executive Director

Mr. Pranav Kapuria, Member- Executive Director

The Committee met ones during the year under review.

#### Average net profit of the Company for the last three financial years

Average net profit: Rs. 239,335,560/-

#### Prescribed CSR expenditure (2% of the average net profit of the last three financial years)

The Company during the financial year 2015-16 was required to spend Rs. 4,786,711/- towards CSR.

#### Details of CSR spent during the financial year:

- Total amount spent for the financial year; Rs. 2,629,527/-
- Amount unspent, if any; Rs. 2,157,184/-

#### Reason for less spent:

During the financial year, the company focused on identifying a comprehensive approach for CSR contributions. As it did so, some adhoc investments were made with priority being given to integrity community development and education where approx INR 2 million was spent.

The company wanted to commit higher investments in line with or exceeding the suggested norms only after being clear about its strategic focus in chosen areas.

This exercise is underway and will complete shortly. Basis that, we are confident of being on track with our CSR contributions in line with the prescribed norms.

#### Manner in which amount spent during the financial year is detailed below:

| Sl. No. | CSR project or activity identified                               | Sector in which the project is covered                                | Locations (Unit)                  | Amount outlay project/programs wise (Rs) | Amount Spent on the project or programs (Rs) | Cumulative Expenditure upto reporting period (Rs) | Amount spent: Direct or through implementing agency |
|---------|--|---|-----------------------------------|--|--|---|---|
| 1       | Education, Technical Education including Research & Development- | Promoting education, including special education and vocation skills. | Local Area i.e. Haryana & Delhi   | 1,800,000                                | 890,000                                      | 890,000   | Direct  |
| 2       | Health   | Promoting preventive health care and sanitation                       | Local Area i.e. Haryana & Delhi   | 1,236,711                                | 570,865                                      | 1,460,865   | Direct  |
| 3       | Disaster Management  | Contribution to Tamil Nadu Flood thru CII                             | Delhi                             | 350,000                                  | 100,000                                      | 1,560,865   | Indirect  |
| 4       | Integrated Community Development                                 | Building of tube well, water harvesting & women development           | Local Area i.e. Rajasthan & Delhi | 1,400,000                                | 1,068,662                                    | 2,629,527   | Direct  |

#### Responsibility Statement by the Corporate Social Responsibility Committee:

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.



## ANNEXURE V

### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into with related parties during the year, which were not at arm's length basis.

#### 2. Details of material contracts or arrangement or transactions at arm's length basis:

|  |  |  |  |   |
|--|--|--|--|---|
| Name(s) of the related party and nature of relationship                                    | Aquarian Fibrecement Private Limited   | The Hi-Tech Robotic Systemz Limited  | Vulcan Electro Controls Limited  | The Hi-Tech Eng. Services Private Limited   |
| Nature of contracts/ arrangements/ transactions  | Leasing of Property  | Receiving of Job Work/Services   | Sale/purchase/receive and rendering of Job work/ services  | Sale/purchase/ receiving of services  |
| Duration of the contracts/ arrangements/transactions                                       | Ongoing  | Ongoing  | Ongoing  | Ongoing   |
| Salient terms of the contracts or arrangements or transactions including the value, if any | In tune with market parameters estimated annual value of Rs 2.20 crores for the financial year 2015-16 | In tune with market parameters estimated annual value of Rs 9.00 crores for the financial year 2015-16 | In tune with market parameters estimated annual value of Rs 120.00 crores for the financial year 2015-16 | In tune with market parameters estimated annual value of Rs 92.00 crores for the financial year 2015-16 |
| Date(s) of approval by the Board   | 9th August, 2013   | 9th August, 2013   | 9th August, 2013   | 9th August, 2013  |
| Amount paid as advances  | Rent is normally paid in Advance of the month  | As per normal commercial T&C   | As per normal commercial T&C   | As per normal commercial T&C  |

- Above is the statement of all contracts which may be considered as related party transactions.
- Company has taken Omni Bus approval from the Audit Committee for the Related Party Transactions for the financial year 2015-16.
- Out of the above contracts with Vulcan & HESPL are considered material Related Party Transactions.
- For Material related party transactions, approval of the Shareholders have been obtained.
- For exact value of Related Party Transactions, please refer chapter X (A) of the Corporate Governance Report.

## ANNEXURE VI

Statement of particulars of Employees pursuant to the provision of section 197 of the Companies Act, 2013 read with the Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, forming part of the 30th Directors' Report for the financial year ended on March 31, 2016.

| (Rs. In Lacs)      |                     |     |   |   |                       |   |            |  |                         |   |
|--------------------|---------------------|-----|---|---|-----------------------|---|------------|--|-------------------------|---|
| Name               | Designation         | Age | Nature of Employment & other terms and conditions                 | Nature of Duties  | Remuneration received | Qualification   | Exp. (Yrs) | Date of Commencement of Initial Employment | % of Equity shares held | Last Employment & Designation           |
| Mr. Deep Kapuria   | Chairman            | 67  | Contractual appointment for a period of 5 year w.e.f. 01.01.2012  | Overall Control and policy formulation                  | 173.29                | *BE (Hons) from B.I.T.S., Pilani<br>*Advance Management Programme from IIM (A)<br>*Lead Assessor Course<br>*Owner Management Programme from Harvard Business School | 43         | 01.01.1987                                 | 3117461 (16.61%)        | Business                                |
| Mr. Pranav Kapuria | Managing Director   | 41  | Contractual appointment for a period of 5 years w.e.f. 01.08.2015 | Overall control of day to day management of the Company | 89.56                 | *B. Com (H) from Delhi University *MBA from Cardiff Business School<br>*Certificate Program on Lean Manufacturing from University of Michigan                       | 15         | 01.08.2000                                 | 848102 (4.52%)          | With The Hi-Tech Gears Ltd. as Director |
| Mr. Anuj Kapuria   | Whole Time Director | 38  | Contractual appointment for a period of 5 years w.e.f. 15.05.2015 | Overall control of day to day management of the Company | 83.73                 | *BE in Robotic and Automated Manufacture engineering from Sussex university, U.K *Master's Degree in Robotics from Carnegie Mellon University                       | 10         | 30.05.2005                                 | 844062 (4.50%)          | With The Hi-Tech Gears Ltd. as Director |

### Note:

Information has been furnished in respect of all whole time Directors & employees who were in receipt of remuneration which in aggregate was not less than Rs. 60,00,000 (Rupees Sixty Lac only) per annum or was not less than Rs, 5,00,000 (Rupees Five Lac only) per month. Remuneration includes salary, allowance, commission, expenditure on perquisites and Company's contribution to provident fund. None of the Employees was in receipt of remuneration in excess of that drawn by any of the Executive Directors and holds by himself or along with his spouse and dependent children, two % or more of the equity shares of the Company. Mr. Deep Kapuria, Mr. Pranav Kapuria and Mr. Anuj Kapuria are related to each other. No other employee is a relative of any Director or KMP of the Company.



Pursuant to Section 197 (12) of the Companies Act, 2013 & Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Every Listed Company shall disclose the Remuneration of Every Executive Director & KMPs of the Company in the following manner: -

**1. Ratio of the remuneration of each director to the median remuneration of the employees of the company**

**a. Executive Directors**

Mr. Deep Kapuria, Executive Chairman- 46.25; Mr. Pranav Kapuria, Managing Director- 23.60; Mr. Anuj Kapuria, Executive Director- 21.76

Remuneration includes basic salary, HRA, Commission. Medical expenses reimbursement, contribution to provident fund & other statutory funds.

**b. Non-Executive Director**

Mr. Anil Kumar Khanna, Independent Director-0.97; Mr. Sandeep Dinodia, Independent Director-0.99; Mr. P.C. Mathew, Independent Director-0.47; Mr. Vinit Taneja, Independent Director-0.85; Mr. Prosad Dasgupta, Independent Director-0.76; Mr. K.C. Verma, Independent Director-0.82; Mr. R.C. Jain, Non-Executive Director-0.76, Ms. Malini Sud, Independent Director-0.79; and Mr. B.A. Kumar, Non-Executive Director-0.29.

Remuneration of Non-Executive Directors includes Sitting fees & Commission.

2. % age increase in the median remuneration of employees is 10.1 % in the financial year 2015-16;
3. There were 901 number of permanent employees on the rolls of company as on 31<sup>st</sup> March, 2016;
4. The company grew by 4.06 % in total turnover as compared to average remuneration which has gone up by 11%. in the financial year 2015-16.

**5. (a) Financial Performance of the Company**

| S. No. | Particulars              | 2015-16<br>(Rs in Lacs) | 2014-15<br>(Rs in Lacs) | % Change |
|--------|--------------------------|-------------------------|-------------------------|----------|
| 1      | Turn over of the Company | 45,224.91               | 43,459.30               | 4.06     |
| 2      | Profit Before Tax        | 3,359.94                | 2,629.56                | 27.78    |
| 3      | Profit After Tax         | 2,116.42                | 1,841.71                | 14.92    |

6. (a) The Market capitalization as on 31st March, 2016 was Rs 46,676 Lacs and Rs 54,296 Lacs as on 31st March, 2015 which shown an decrease of 14.03 %.
- (b) Price Earnings ratio of the Company was 22.05 as at 31<sup>st</sup> March, 2016 and 29.49 as on 31<sup>st</sup> March, 2015 which shown an decrease of 25.23 %.
- (c) The Company has not made any Public offer in the recent past and accordingly, comparison of Public offer price and the current market price of the company's shares will not be relevant;
7. The key parameters for any variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination & Remuneration Committee as per the remuneration policy for Directors, Key Managerial Personnel, Senior Management & other employee.
8. There is no employee who receive remuneration in excess of the highest paid director during the year
9. It is affirmed that the remuneration is paid as per the remuneration policy of the company.



# MANAGEMENT DISCUSSION ANALYSIS

## The Macro Economic Environment

India topped the World Bank's growth outlook for 2015-16 for the first time with the economy having grown 7.6% in 2015-16 (PY 7.2%). Economy is expected to grow at 7.75% during FY 2016-17, despite the uncertainties in the global market according to IMF World Economic Outlook Update. The Economic Survey 2015-16 also have forecasted that the Indian economy will be growing by more than 7% for the third successive year 2016-17 and can start growing at 8% or more in next two years. India's economy became the world's fastest growing major economy from the last quarter of 2014, replacing the People's Republic of China which registered a growth of 6.9% during the same period.

Indian went through a startup boom and manufacturing growth due to which the growth in 2015-16 accelerated to present level. The steps taken by the government have shown positive results as India's gross domestic product (GDP) at constant (2011-12) prices 2015-16 is Rs 113.5 trillion (US \$ 1.668 trillion), as against Rs 105.5 trillion (US \$ 1.55 trillion) in 2014-15. During the year 2015-16, IIP growth was 2.4% as compared to 2.8% % in the previous year. The Inflation based on Consumer Price Indices (CPI) averaged 4.9% in 2015-16 as compared to 6.0% in 2014-15. The Wholesale Price Index (WPI) averaged (-) 2.5% in 2015-16 as compared to 2.0% in 2014-15. The improvement in India's economic fundamentals has accelerated in the year 2015-16 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices.

India's per capita income at current price during 2015-16 jumped to Rs. 93,231 from Rs. 86,879 in 2014-15 showing a rise of 7.3% as compared to the previous year. Foreign exchange reserves touched highest ever level of about US \$ 360.2 billion and the total FDI Investments India received in FY 2015-16 was US \$ 55.4 billion compared to US \$ 45.1 billion in the previous year indicating a significant increase of 22.84%. This also indicates that government's effort to improve ease of doing business and relaxation in FDI norms is yielding results.

On the other side, the global economy grew by 3.1% in 2015 and is projected to grow at the same rate in 2016. Weak trade growth, sluggish investment, subdued wages and slower activity in key emerging markets will contribute to modest global GDP growth of 3.2% in 2016. This reflects a combination of subdued aggregate demand, poor underlying supply-side developments, with weak investment, trade and productivity growth, and diminished reform momentum. The Outlook draws attention to a number of downside risks. Most immediately, a United Kingdom vote to leave the European Union would trigger negative economic effects on the UK, other European countries and the rest of the world. Brexit would lead to economic uncertainty and hinder trade growth, with global effects being even stronger if the British withdrawal from the EU triggers volatility in financial markets. Other downside risks to global activity relate to continued conflicts in Iraq, Syria and surrounding countries, refugee crisis in Europe and further possible escalation of conflicts, including in Ukraine and the Middle East.

In 2016-17 also India is expected to have strong growth despite global meltdown propelled by healthy domestic dynamics such

as expanding middle class, favorable government policies, above average monsoon expectations, pick up in industrial activities, recovery of private investment, etc.

## Industry & Segment Dynamics

The Indian auto industry is one of the largest in the world and is an engine of growth for the Indian Economy. The industry accounts for 7.1 % of the country's Gross Domestic Product (GDP). The rapid urbanization, coupled with an overwhelming growth in the middle class population and their incomes, has created an Indian Market that is extremely conducive for the automobile industry to flourish. Favourable government policies like launch of the Automotive Mission Plan, which allows FDI and tax holidays, strong support to R&D through establishment of NATRIP Centres, presence of a large pool of skilled and semi-skilled workforce, competitive advantages facilitating emergence of outsourcing hub further adds to the robust growth of Indian Automotive Industry.

India is also a prominent auto exporter and has strong export growth expectations for the near future. In April-March 2016, exports of Commercial Vehicles registered a growth of 16.97% over April-March 2015. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler and Four Wheeler market in the world in the near future.

Similarly, the Indian auto component industry is also one of the fastest growing industries and is riding on the success of the automobile sector. Coupled with growing demand and technological advancements, the auto component industry in India has emerged as a key market in Asia as well as in the world. The industry contributes 25.6% to the manufacturing GDP and 3.8% to National GDP, providing direct employment to 1.5 million people.

As per ACMA, the performance of the auto component industry in 2015-16 was satisfactory despite a less-than-expected performance in the two-wheeler segment. In passenger vehicle segment, the growth was better than the previous years. With the Make in India initiative and thrust on increased localization by OEMs, the component industry is actively focusing on delivering enhanced quality products as well as on R&D and innovation.

Indian auto component industry registered a growth of 8.8% in 2015-16 with overall turnover of Rs. 255,600 crores (USD 39.0 billion). While overall exports from India witnessed de-growth of 9.58%, the Indian auto component industry exports grew by 3.5% reaching to Rs. 709,00 crores (USD 10.8 billion). It is predicted that with the signs of recovery in India based auto market and prospects of a better monsoon, the component sector is expected to witness growth in double digits this year.



Aimed at an holistic growth model for the automotive industry, The Automotive Mission Plan (AMP 2026) has set a target of a turnover of USD 223 billion by 2026 for the auto component sector backed with strong exports ranging between USD 80 - 100 billion. Over the years the component industry has adapted well to the changes in the policy & regulatory environment and the needs of its customers. The 'Make in India' campaign of the government has enthused the entire manufacturing sector. Focus on ease of doing business, implementation of GST and other reforms augur well for the component manufacturing industry. ACMA has adopted 'Make Quality & Technology in India' as theme of auto component sector to endeavour to focus on strengthening the capabilities of the sector for new product development, improving quality standards, evolving technology for meeting the evolving emission and safety standards, upgrading people skills to support domestic and global expansion of OEMs, building auto-electronics manufacturing capabilities, embracing digital technology in manufacturing to transform productivity thus enabling our Industry and India become an attractive destination for investments.

### Production Trends of the Automobile Sector in 2015-16

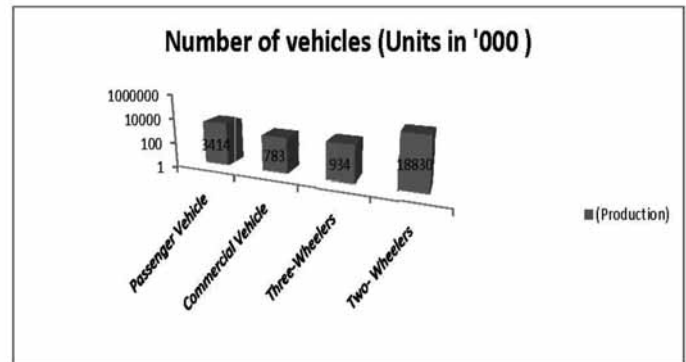
The industry produced a total of 23,960,409 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in FY 2015-16 as against 23,358,047 in FY 2014-15, registering a growth of 2.58 % over the same period last year.

The Production of Passenger Vehicles grew by 5.97 % in FY 2015-16 over the same period last year. Within the Passenger Vehicles segment, Passenger Cars, Utility Vehicles and Vans grew by 4.02 %, 13.66 % and 5.56% respectively.

In 2015-16 the growth was majorly led by Commercial Vehicle segment which registered a growth of 12.10% with the recording of total vehicle production to 782,814 units (PY 698,298 units). Within the Commercial Vehicles segment Medium & Heavy Commercial Vehicles (M&HCVs) grew by 27.04 % and Light Commercial Vehicles grew by 2.77 %.

The Two Wheeler segment registered a growth of mere 1.84 % in FY 2015-16 over previous year by recording total production of 18,829,786 units (PY 18,489,311 units). Within the Two Wheelers segment, Scooters/ Scooterette grew by 11.71 % while Motorcycles and Mopeds registered a de-growth of (-) 1.50 % and (-) 2.31 % respectively in FY 2015-16 over FY 2014-15. In recent time, the major attraction in Two Wheeler segment is the scooters/ scooterettes, which grew by 11.71% despite the flat performance of overall Two Wheeler segment due to its easy maintenance and city driving convenience.

The sad part of the vehicle production was the overall Three Wheelers production which registered a de-growth of (-) 1.59% in FY 2015-16 over the same period last year. In Three Wheeler segment production of both Passenger Carriers and Goods Carriers declined by (-) 1.33% and (-) 3.70% respectively over FY 2014-15.



### Domestic & Export Sales Trends of the Automobile Sector in 2015-16

In the year 2015-16 the Automobile Sector showed growth both in Domestic as well as Export Sales. FY 2015-16 numbers reveal all vehicle categories other than Three Wheelers (TWs) are in positive territory. Riding on the back of gradual upliftment in market sentiments, policies encouraging manufacturing & exports, favourable government policies, R&D boost, and our Hon'ble Prime Minister's Make in India campaign, the Indian automotive industry posted an overall domestic sales growth of 3.78% in fiscal year 2015-16.

The sales of Passenger Vehicles grew by 7.24% in FY 2015-16 over the same period last year by recording a figure of 2,789,678 units. Within the Passenger Vehicles segment, Passenger Cars, Utility Vehicles and Vans grew by 7.87%, 6.25% and 3.58% respectively.

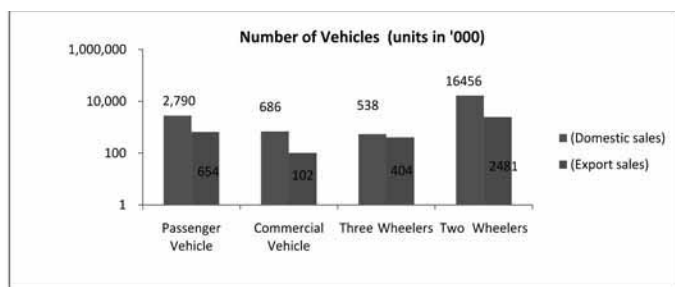
Two Wheelers segment registered a growth of mere 3.01% in FY 2015-16 over FY 2014-15 by recording a figure of 16,455,911 units. Within the Two Wheelers segment, Scooters/ Scooterette grew by 11.79% while the sales of Motorcycles and Mopeds declined by (-) 0.24% and (-) 3.32% respectively in FY 2015-16 over FY 2014-15.

Three Wheelers sales also grew by merely 1.03 % in FY 2015-16 over the same period last year. Passenger Carriers grew by 2.11% while the sales of Goods Carriers declined by (-) 3.62 % in FY 2015-16 over FY 2014-15.

The commercial vehicle sector which is an indicator of a country's economic progress was not in the best of its shape from past few years but in 2015-16 this segment registered a significant growth of 11.51% as compared to the same period last year. A total of 685,704 units were sold in domestic market compared to 614,948 units in the previous year. Within the commercial vehicle Medium & Heavy Commercial Vehicles (M&HCVs) grew by 29.91% and Light Commercial Vehicle (LCV) grew by 0.30%. The growth is mainly attributable to the M&HCV sector which registered a sterling 29.91% growth and sold 302,273 units in 2015-16 as compared to 232,755 units in the previous year. The sector's performance helped reduce the overall impact of the LCV segment which registered a mere growth of 0.30%. The Indian Commercial Vehicle segment is likely to witness robust growth in the next decade as the country strives to develop a modern infrastructure spanning the metros, Tier 1, 2 and 3 towns.

Recognizing the growth potential of India, almost all the major global OEMs have set up base here and are hoping for a larger market in the coming years.

In FY 2015-16, overall automobile exports grew by 1.91 % by exporting 3,641,546 units over the same period last year. Passenger Vehicles, Commercial Vehicles and Two Wheelers grew by 5.24 %, 16.97 % and 0.97 % respectively while the Three Wheeler segment registered a de-growth of (-) 0.78% over the same period last year.



### Future Outlook

As quoted by ACMA with the clarion call to 'Make in India' by our Hon'ble Prime Minister, the virtuous cycle of manufacturing is all set to roll. The campaign aspires to bolster domestic manufacturing by facilitating investment, fostering innovation, enhancing skill development, protecting intellectual property and building best in class manufacturing infrastructure in the country. The prime objective of this initiative is to attract investment from across the globe and strengthen India's manufacturing sector. The focus of Make in India Programme is on 25 sectors including Auto Sector.

To help the auto component industry, the government has announced a several reforms, forward looking policy measures such as announcement of introduction of GST, consolidation of various manufacturing and exports schemes, simplification of procedures to help integrate India into the global value chain, encouragement for manufacture and sale of Hybrid Vehicles, improving ease of doing business index through online and e-governance interventions and reducing the transaction costs augur well for the industry and with reforms gathering momentum, the growth in the automotive industry is imminent.

The industry over the years has developed its capability of manufacturing all components required to manufacture vehicles. This is evident from the high levels of indigenization/localization achieved in the vehicle industry. The domestic component industry has now holistic capability to manufacture the entire range of auto-components e.g. engine parts, drive, transmission parts, suspension & braking parts, electricals, body and chassis parts, equipment etc. The auto sector is one of the biggest job creators, both directly and indirectly. It is estimated that every job created in an auto company leads to three to five indirect ancillary jobs. India's domestic market and its growth potential have been a big attraction for many global automakers.

Indian auto component makers are well positioned to benefit from globalisation of the sector as exports potential could be increased by many folds as suggested by Automotive Mission Plan (AMP 2026). Indian suppliers are well positioned to benefit

from these global trends and can significantly accelerate their international presence in the next few years.

With the government's 'Make in India' initiative and factors such as above average monsoon expectations, lower prices of petrol and diesel, commodity prices under control, growth in industrial activity, softening of interest rates, rapidly growing middle-class segment the auto industry is expected to perform even better in FY 2016-2017. As per CRISIL, Automotive component players are expected to see 8-10% revenue growth in 2016-17 compared with 5-7% in 2015-16. This will be driven by higher off take from OEMs and steady replacement (aftermarket) demand, even as exports are expected to pick up gradually. Sales growth to domestic OEMs will be supported by continued fleet replacement in the medium and heavy commercial vehicle segment and higher off take in the passenger vehicle and scooters segments as urban consumer sentiment improves and new models are launched. Motorcycle and passenger vehicle sales will also benefit from increased rural incomes and payouts under the Seventh Pay Commission and One-Rank-One-Pension recommendations.

Exports will surely benefit from growth in European passenger and commercial vehicle sales, increasing penetration in south-east Asia. Further, stricter domestic regulations on safety and emission standards would give a fillip to growth rates of players focusing on relevant product categories such as engine components and brake parts in the medium-to-long term. Suppliers to passenger vehicle and two-wheeler OEMs, which are operating at high capacity utilisation rates, will undertake capex towards the second half of 2016- 17 to meet the incremental demand. Profitability of component suppliers improved by 50-100 bps in 2015-16, and the improvement is expected to be sustained during 2016-17 as well. Credit metrics are expected at adequate levels in 2015- 16, and witness some moderation in 2016-17, with borrowings expected to increase for capex.

Major growth attributable to the Indian Auto Component Market are as below:

- Growth in the working population and middle class income
- Robust growth in domestic automotive industry
- Technological shift; focus on R&D
- Automotive Mission Plan 2016-26 which targets a fourfold growth of the sector
- Geographical proximity to key automotive markets like the Middle East and Europe
- Reduction in excise duties in motor vehicles sector to spur the demand for auto-components
- 100% FDI allowed in the sector
- Competitive advantages facilitating emergence of outsourcing hub
- Increasing investment in road infrastructure
- Establishment of special auto parks and virtual SEZs for auto components
- Lower fuel cost

Further, the Government's plan to scrap commercial vehicles older than 15 years is another step to boost prospects of the M&HCV industry. As per analyst at Kotak Institutional Equities



estimate 13% of M&HCVs are over 15 years and a third are between 10 and 15 years.

The above give impression that the long term prospects seems to be bright; demand will grow due to various underlying factors as stated above.

### Opportunities, Threat & Mitigation strategy

As global auto OEMs are continuously expanding their operations in the India and as a result, auto-component manufacturers face huge pressure from their customers to maintain quality and supply components in a just-in-time mode on the production line. Therefore, there is a greater need for collaboration between the component manufacturers, OEMs, machine tool supplies and the raw material industry.

To overcome the problem of overdependence on the automobile industry, the component industry needs to consciously consider diversifying into adjacent markets including defense, aerospace, railways etc. your company is keeping abreast of even minute changes in the industry, and is therefore better equipped to overcome the constraints and develop measures to restrict the impact.

At the operational level there are several risks that are inherent to the business of company. These are typically transactional in nature. These risks are managed through internal processes and controls. In addition, the Company has to deal certain major micro risks that affect the Company's strategy implementation, some of them are enumerated below:

**Input material:** Steel is the primary raw material for the products of the company, and is a very significant part of the cost of the final product. Rising steel prices continue to be a challenge & pose a threat to the margins of the company in this competitive auto component sector.

To mitigate the risk, the Company continues to strive to improve its operational performance and develop new components, which are technologically superior and have an edge over the competitors.

**Power:** The other major cost in production is energy cost. Presently the company is getting power from the State Electricity Board at per the higher tariff rate.

To address the energy cost, the company is implementing a process, whereby it is proposing to purchase electricity through the Electricity Exchange by getting competitive quotes.

**Customer profile:** Company is primarily a gear & transmission equipment manufacturer and supplier. The Company has a large focus amongst a few groups of customers and industry segment. This limited focus adds to market risks and also highlights the fact that one or some customers moving out could leave a large impact on the operation and financial of the Company. To mitigate this risk Company is focusing on widening its customer base, entering new user segments and spreading operations across geographies to mitigate this market risks.

**Two-Wheeler business:** A major share of the Company's business is generated from the two wheeler segment and as evident from figures this sector was flat in 2015-16. Competition in the two wheeler segment has also increased significantly. This

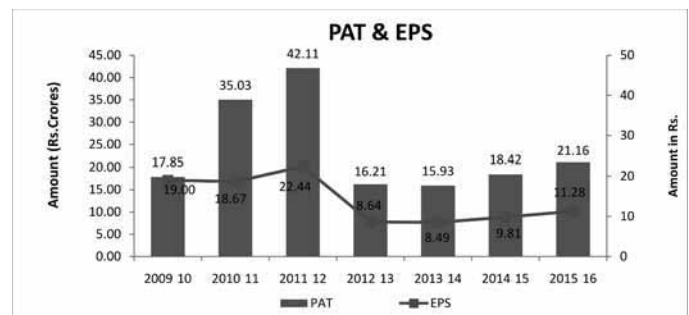
has had a serious adverse impact on the margins of the component manufacturers. To overcome, the risk of dependency on the two wheeler business, your Company has been developing clients for engine and transmission components in India and abroad.

**Technology Risk:** One of the major challenges for the industry is to build R&D competence and an ecosystem. OEMs have been working on various technologies such as light weighting, electrification of power trains, anti-lock breaking systems (ABS) in two-wheelers, safety features such as air bags in cars, etc. and they continuously ask Tier-1 suppliers for the technology updation and material changes. While these developments do pose a host of challenges, they also open a lot of interesting opportunities for the Indian auto-component sector. Thus, the company needs to continuously stay in touch with such progress need to evaluate ways to address these issues and develop technologies which are affordable and accessible. To mitigate Company has always invested in upgrading its technology to meet changing customer demand.

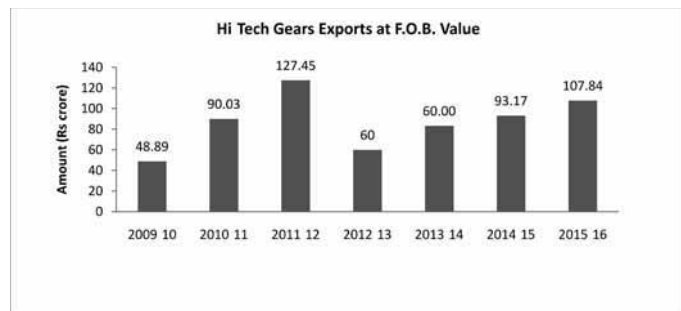
**Regulatory Change:** Regulations are changing to accommodate the awareness about the environmental responsibilities. Stringent emission and safety norms are playing an increasingly important role globally. In the recent past, the government has focused on tighter emission norms be it the ongoing implementation of BS-IV emission requirements or the decision for BS-VI emission norms by 2020 to regulate air pollutants from vehicles and is promoting green vehicles. Of late, safety has also been attracting governmental attention. HGL is committed to comply with all applicable environmental and related regulations.

### Brief of Financial Results

The Company again posted higher sales in the financial year 2015-16 and the Company's turnover crossed the Rs. 450 Crores mark. The sales turnover of the Company increased to total 452.25 crores from Rs. 434.59 crores in the previous year, registering an increase of 4.06%. This was despite the less-than expected performance in the two-wheeler segment, a segment, from which the considerable share of the Company's business is generated through. Profit before tax (PBD) for the year 2015-16 was at Rs. 33.60 crores and profit after tax (PAT) stood at Rs. 21.16 crores compared to Rs. 26.30 crores and 18.42 crores during the same period previous year. PBT & PAT significantly increase by 27.78% and 14.92% in 2015-16 with mere increase of 4.06% in the turnover of the Company, reflecting the operational efficiency of the Company.



At the export front, the Company also did well and recorded an export turnover of Rs. 107.84 crores compare to Rs. 93.17 crores in the previous year, thereby recorded an increase of 15.75%. The total exports are 23.85% of the total turnover.



Recognizing the importance of allocating the gains with the shareholders who have placed their capital and trust in the Company at all times, an amount of Rs. 5.63 Crores is being paid out by way of dividends for the year 2015-16 (last year it was Rs. 4.69 Crores). Out of which an interim dividend of 15% was declared and already paid in Feb/Mar 2015 and a final dividend of 15% is being recommended to the shareholders for their approval.

### Operational Excellence, Awards & Recognitions

The Hi-Tech Gears is continuing its journey to be a global footprint company and a benchmark for world class manufacturing systems, as manifested in its vision statement. In this journey, our efforts have been recognized our esteemed customers, who have continuously appreciated our quality & efforts.

Steps initiated by the Company for implementation and absorption of Lean Manufacturing and Total Productivity Maintenance (TPM) practices are consistently showing encouraging results. The customers are appreciating and recognizing Company from time to time. Customer recognitions are the strongest testimony to a company's excellence. The ECOFAC Plant (Plant –III) is running to its capacity and is unique in its kind. This 'Gold Award' conferred Plant by Green Building Council is one of few plants by the component manufacturers in north India, which has become a world-class Indian brand with a green and sustainable strategy of growth. ECOFAC means a sustainable green manufacturing plant. This plant is fully operational. This has all features of safety, energy & water conservation, waste management etc. All modern concepts of Lean, TPM and TEI for best utility are being implemented in this Plant from its initial stage. This has been highly appreciated not only by the concerned authorities but also by customers and will become a model for future sustainable manufacturing growth. This year also one of our major customer, Daimler India Commercial vehicle conferred prestigious partnership award.

India Ratings and Research (IndRa) has upgraded The Hi-Tech Gears Ltd. (HGL) LongTerm Issuer Rating to 'IND A+' from 'IND A'. The outlook is stable. The rating upgrade reflects the growth in HGL's revenue in FY15 as well as improvement in its credit profile. The ratings also take into account the reduction in HGL's customer concentration, on one or particular segment. The company's liquidity remained comfortable as strong cash flow

generation over FY13 to FY15 enabled it to fund capex through internal accruals. IndRa expects the company's profitability to continue to benefit from the increase in commercial vehicle (CV) sales and consequently improve the credit metrics further over FY16 & FY17.

### Segment Reporting

The Company is primarily engaged in the business of gears and transmission components, inherent nature of both the activities is governed by the same set of risk and returns, these have been grouped as a single segment in the above disclosures. The said treatment is in accordance with the principle provided as per Accounting Standard on Segment Reporting (AS-17).

### Internal Controls & their adequacy

Company has a properly designed and consistently enforced system of internal control to safeguard the company's resources, produce reliable reports, to reduce the possibility of significant errors and irregularities and assists in their timely detection when they do occur and comply with laws and regulations.

The Company's internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. Internal Auditors conduct the Audits and report directly to the Audit Committee and the Board. M/s. Grant Thornton India, LLP a renowned and one of the largest assurance, tax, and advisory firms in India has been appointed as Internal Auditor of the Company.

The internal controls are designed to ensure efficiency & effectiveness of Company's operations, accuracy of recorded transactions, reliability of Financial reporting, effectiveness of Risk management systems, all applicable laws & regulations, internal policies & internal procedures are duly complied with.

Your Company has also in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed. The Company is committed to strengthen the system in more stringent manner.

Company believes that good control system help achieving objectives, avoid surprises, detect mistakes caused by personal distraction, carelessness, fatigue, errors in judgment, or unclear instructions in addition to fraud or deliberate non compliance with policies. Therefore, company believes in the concept of continuous improvement in the systems and processes. The company has engaged the services of expert knowledge partners in this regard, who will assist in finding the ways and means and improving the existing process of operational excellence.

### Human Resources

Managing human resources effectively and efficiently plays a critical role in ensuring that a satisfied, motivated work force delivers quality services. It also plays an important role in increasing staff performance and productivity, enhancing an organization's competitive advantage, and contributing directly to organizational goals. Satisfied, highly-motivated and loyal employees represent the basis of competitive company. The



growth of satisfaction is to be reflected in the increase of productivity, improvement of the products' quality or rendered services and higher number of innovations.

“Whether it is called “people,” “labor,” “intellectual capital,” “human capital,” “human resources,” “talent,” or some other term, the resource that lies within employees and how they are organized is increasingly recognized as critical to strategic success and competitive advantage.

Recognizing the importance of human resources Company has an open-door policy in which the employees have an open, standing invitation to approach the HOD with questions, concerns, complaints and comments at any time. Company acknowledges the Development and training of its employees to help them to perform better in all respects. Company conducts many leadership programmes such as Employee Leadership Team (ELT), Special Leadership Team (SLT), etc. on regular basis to explore new ideas from employees & to use them for smooth

functioning of the Company & to flow maximum satisfaction among employees.

The Company continued to maintain its track record of peaceful industrial relations ever since its inception. It sustains and fosters its unique paternal culture across all operating locations. Several health and safety initiatives are introduced as part of a structured program to enhance the safety and health of its workmen and other associates. Performance measurement and skill up gradation programs are widely deployed within the Company.

**Disclaimer**

This report contains certain statements that the Company believes and may be considered as forward looking statements. These forward looking statements may be identified by their use of words like ‘plan’, ‘hope’, ‘will’, ‘expect’, ‘aim’ or such similar words or phrases. All such statements are subject to risks and uncertainties which could cause actual results to vary materially from those contemplated by the relevant forward looking statements.

## Corporate Governance Report

Forming part of 30th Directors' Report

### I. Company's Philosophy on Corporate Governance

The Hi-Tech Gears Limited, being in the forefront of the Indian auto component industry, has implemented and continuously improved upon various Corporate Governance practices over the years. Corporate practices like the appointment of professionals from diverse fields of business on the Company's Board of Directors, prior intimation of date of Board Meetings which are convened at frequent intervals, constitution of various Committee of Directors, stated policies on remuneration and retirement, formation & adherence of many policies, attendance of Directors at General Meetings, dissemination of price sensitive information in a transparent and fair manner and ensuring liquidity of the Company's scrip by listing on prominent stock exchanges, have been in place even before they have been mandated.

SEBI notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which were effective from December 2015 and repealed the erstwhile listing agreement with the Stock Exchanges. Thus, during the year both the Regulations were applicable, hence the Company has complied with all the mandatory provisions of Clause 49 of the Listing Agreement with the stock exchanges and regulation 17 to 27 of (Listing Obligations and Disclosure

Requirements) Regulations 2015, as applicable, with regard to corporate governance. Company is maintaining maximum transparency in passing on information to the shareholders.

Additionally your Company believes in complying with all the applicable laws of the country, in its letter as well in Spirit.

### II. Composition of Board of Directors

The Board, the apex body is appointed by the shareholders. Directors occupied dual responsibility, i.e., Agent & Fiduciary. The Board of the company presently consist of 11 members out of them 8 are Non-Executive Directors from different fields such as Engineering, Finance, Treasury, Business Management, Administration, Human Resource, Corporate Planning, Corporate Law, etc. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director.

The company has an Executive Chairman, Mr. Deep Kapuria, who is assisted by his two able sons. Mr. Pranav Kapuria is a Managing Director & Mr. Anuj Kapuria is an Executive Directors, are overseeing the day to day operations of the Company. All the remaining Directors, except Mr. R.C., Jain and Mr. Bidadi Anjani Kumar are independent and not related to each others.

All Directors, Executive or Non-Executive, are professionally competent and experienced in their respective fields. The Details of Directors as on 31<sup>st</sup> March, 2016 are as follows:-

| Name of Director and DIN             | Designation        | Category                       | No. of Director-ships | No. of Board Committees position as Member | No. of Board Committee position as Chairman |
|--------------------------------------|--------------------|--------------------------------|-----------------------|--|---|
| Mr. Deep Kapuria (00006185)          | Executive Chairman | Promoter, Executive            | Eight                 | Two  | One   |
| Mr. Anil Kumar Khanna (00207839)     | Director           | Independent, Non-Executive     | Fourteen              | Three                                      | One   |
| Mr. Sandeep Dinodia (00005395)       | Director           | Independent, Non-Executive     | Five                  | Five                                       | Four  |
| Mr. Pranav Kapuria (00006195)        | Managing Director  | Promoter, Executive            | Seven                 | One  | Nil   |
| Mr. Anuj Kapuria (00006366)          | Executive Director | Promoter, Executive            | Ten                   | Two  | Nil   |
| Mr. Vinit Taneja (02647727)          | Director           | Independent, Non-Executive     | One                   | One  | One   |
| Mr. Bidadi Anjani Kumar (00022417)   | Director           | Non Independent, Non-Executive | Four                  | Five                                       | One   |
| Mr. Ramesh Chandra Jain (00038529)   | Director           | Non-Executive Non Independent  | Eight                 | Eight                                      | Two   |
| Mr. Krishna Chandra Verma (03636488) | Director           | Independent, Non-Executive     | One                   | One  | One   |
| Mr. Prosad Dasgupta (00243254)       | Director           | Independent, Non-Executive     | One                   | Nil  | Nil   |
| Ms. Malini Sud (01297943)            | Director           | Independent, Non-Executive     | Four                  | Two  | Nil   |

\*Board Committee for this purpose means Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Stakeholder Relationship Committee (including Board Committees of The Hi-Tech Gears Limited).

# All Companies, whether listed or not, (including The Hi-Tech Gears Limited), Section 8 Companies but excluding foreign companies.



### **Number of Board Meetings held during the year 2015-16**

During the year under review, the members of the Board have met 4 (Four) times to review, discuss and decide about the activities of business of the Company. The dates of the meetings are (1) 21<sup>st</sup> May 2015, (2) 11<sup>th</sup> August, 2015 (3) 3<sup>rd</sup> November, 2015, (4) 12<sup>th</sup> February, 2016.

It is confirmed that the gap between the two (2) meetings did not exceed one hundred and twenty days. The meetings usually held in Delhi.

### **Familiarization Programme**

At the time of appointment of an Independent Director, a formal letter of appointment is given to him / her, which inter alia explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. The Director is also explained in detail the compliances required from him/her under the Companies Act, 2013 and Rules made thereunder, At a separate meeting of the Independent Directors are normally discussed, a brief details about the Company, nature of the industry in which Company operates, its business model apart from roles and responsibilities of Independent Directors. Familiarization programme are posted on the website of the Company and any member can visit the Company's website by clicking the link – <http://www.hitechgears.com/images/Set-of-Regulations-for-Independent-Directors.pdf>

### **Discussions at the Board Meetings:**

- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Brief on statutory developments, changes in Government policies etc. with impact thereof, Directors' responsibilities arising out of any such development.
- Interim Dividend declaration & Final Dividend recommendation.
- Internal Audit findings and Statutory Auditor reports (through the Audit Committee).
- General Notices of Interest of Directors.
- Minutes of Meetings of audit Committee and other committees of the Board, as also resolutions passed by circulation
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the Company.

- Annual Operating plans of Business, Capital Budgets and any updates, duly reviewed by the Audit Committee.
- Quarterly, Half yearly & Annual results of the Company and its operating divisions or business segments, duly reviewed by Audit Committee.
- Sale of material nature of investments, subsidiaries, Assets, which is not in normal course of business, if any.
- Transactions that involve substantial payment towards Goodwill, Brand Equity or Intellectual Property.
- Details of any Joint Venture, Acquisitions of Companies or Collaboration Agreement, if any.
- Non-Compliance of any Regulatory, Statutory or Listing requirements and shareholders service such as Non payment of dividend, delay in share transfer (if any). etc.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or Serious Accidents, Dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the company, or substantial non payment for goods sold by the company.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like implementation of voluntary retirement Scheme etc.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary, if any.
- Investment & borrowing decisions based on recommendations of Committees, wherever required.
- Formulation of criteria for evaluation of Own Board members
- Any other important matter relating to the working of the Company.
- All matters which are required to be exercised by the Board of Directors in terms of the provisions of the Companies Act 2013 or (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Chairman of the Board, Managing Director and the Company Secretary in consultation with other concerned members of the Senior Management finalize the agenda papers for the Board Meetings.



Attendance of each Director at the Board Meetings and the last Annual General Meeting

| Name of Director        | Attendance in the Board Meetings | Attendance in the last Annual General Meeting |
|-------------------------|----------------------------------|---|
| Mr. Deep Kapuria        | 4 (Four)                         | Yes   |
| Mr. Anil Kumar Khanna   | 3 (Three)                        | No  |
| Mr. Sandeep Dinodia     | 4 (Four)                         | Yes   |
| Mr. P C Mathew          | 2 (Two)                          | No  |
| Mr. Bidadi Anjani Kumar | 1 (One)                          | NA  |
| Mr. Vinit Taneja        | 4 (Four)                         | Yes   |
| Mr. Pranav Kapuria      | 4 (Four)                         | Yes   |
| Mr. Anuj Kapuria        | 4 (Four)                         | Yes   |
| Mr. Ramesh Chandra Jain | 4 (Four)                         | No  |
| Mr. K.C.Verma           | 4 (Four)                         | No  |
| Mr. Prosad Dasgupta     | 3 (Three)                        | No  |
| Ms. Malini Sud          | 4 (Four)                         | No  |

#### Shares held by Non-Executive Director(s)

Mr. Vinit Taneja holds 5600 equity shares as on 31<sup>st</sup> March, 2016. No other Non-Executive Director holds any equity shares as on that date. Shares held by Executive Directors are mentioned elsewhere in Director's Report.

### III. Audit Committee

#### Brief description of terms of reference

The Audit Committee of your Company consists of Four Directors. Three of the members are Independent & Non-Executive Directors viz., Mr. Sandeep Dinodia and Mr. Anil Khanna both are Fellow members of the Institute of Chartered Accountants of India and Mr. K.C Verma\*, who has immensed Administration knowledge. The Company Secretary acts as the Secretary of the Audit Committee. The scope, compliances & functions of the Audit committee is in line with the provisions of Regulation 18 of SEBI Listing Regulations, and the provisions of Section 177 of the Companies Act, 2013 along with rules made thereunder. Board has evaluated the working of Audit Committee for the FY 2015-16.

#### Meeting and attendance

The Audit Committee met 5 (Five) times during the financial year 2015-16 on the following dates:

(1) 21<sup>th</sup> May 2015, (2) 31<sup>st</sup> July, 2015 (3) 3<sup>rd</sup> November, 2015 (4) 5<sup>th</sup> January, 2016, (5) 12<sup>th</sup> February, 2016.

These meetings were attended by members as detailed below:-

| Name                  | Position/Composition | Category             | No. of meetings during the tenure | No. of meetings attended |
|-----------------------|----------------------|----------------------|-----------------------------------|--------------------------|
| Mr. Sandeep Dinodia   | Chairman             | Independent Director | 5                                 | 5                        |
| Mr. Anil Kumar Khanna | Member               | Independent Director | 5                                 | 5                        |

| Name             | Position/Composition | Category             | No. of meetings during the tenure | No. of meetings attended |
|------------------|----------------------|----------------------|-----------------------------------|--------------------------|
| Mr. Anuj Kapuria | Member               | Executive Director   | 5                                 | 5                        |
| Mr. K.C Verma*   | Member               | Independent Director | 0                                 | 0                        |

\*Mr. K.C Verma was inducted as member of Audit Committee on February 12, 2016.

#### Audit Committee has following Powers:-

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### Audit Committee has the following Roles & Responsibilities:-

Audit Committee performs its duties, roles & responsibilities in terms of the Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Section 177 of the Companies Act, 2013, the major are being:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval.
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
5. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
6. Approval or any subsequent modification of transactions of the company with related parties;
7. Scrutiny of inter-corporate loans and investments;
8. Valuation of undertakings or assets of the company, wherever it is necessary;
9. Evaluation of internal financial controls and risk management systems;
10. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
11. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
12. To review the functioning of the Whistle Blower mechanism;



- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee, in Companies Act, Listing Agreement or any other statutory regulation, document or otherwise.

#### Invitees

Managing Director, Chief Financial Officer, Statutory Auditors, Internal Auditors & Finance Team are normally invited at the Audit Committee as well as at the Board Meetings; other experts are invited on need basis. The recommendations made by Audit Committee are accepted by Board.

#### IV. Nomination & Remuneration Committee

##### Brief description of terms of reference

The scope of functions of the Nomination & Remuneration Committee is to look into Company's policy on specific/general remuneration packages, for Executive, Non-Executive and Independent Directors, including pension rights and any compensation payment. The Company Secretary acts as the Secretary of the Remuneration Committee.

The Remuneration Committee consists of three (3) Independent non-executive Directors.

Board has evaluated the working of Nomination & Remuneration Committee for the FY 2015-16.

##### Meetings and attendance

The Nomination & Remuneration Committee met Two (2) times during the financial year 2015-16 on 21<sup>st</sup> May, 2015 & 3<sup>rd</sup> November, 2015.

This meeting was attended by members as detailed below:-

| Name                  | Position/Composition | Category             | No. of meetings during the tenure | No. of meetings attended |
|-----------------------|----------------------|----------------------|-----------------------------------|--------------------------|
| Mr. Vinit Taneja      | Chairman             | Independent Director | 2                                 | 2                        |
| Mr. Sandeep Dinodia   | Member               | Independent Director | 2                                 | 2                        |
| Mr. Anil Kumar Khanna | Member               | Independent Director | 2                                 | 2                        |

##### Nomination & Remuneration Committee have following Roles & Responsibilities

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;

- Formulate a Remuneration Policy as specified under Section 178 of the Companies Act, 2013, from time to time.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
- Carrying out any other function as is mentioned in the terms of reference of the Nomination & Remuneration Committee, in Companies Act, Listing Regulations or any other statutory regulation, document or otherwise.

##### Nomination & Remuneration policy

The Company's Nomination & Remuneration Policy for Directors, Key Managerial Personnel and other employees approved by Board of Directors in their meeting held on 7<sup>th</sup> August, 2014. Similarly, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors.

The Company's Nomination & Remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

The Chairman, Managing Director and the Whole Time Director are paid remuneration as approved by the Board of Directors on the recommendation of the Nomination & Remuneration committee within the overall limit sanctioned by the Shareholders. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the corporate world, financial position of the Company, etc. The remuneration structure of Executive Directors comprises of basic salary, commission, perquisites, allowances, contribution to provident fund and other funds, and commission, which is in accordance with Section 197, 198 and other applicable provisions of the Companies Act, 2013. The Non-Executive Directors do not draw any remuneration from the Company except sitting fees for attending Board & Committee Meetings, & commission @ 0.5% of Net Profits in a Financial Year for all Non-Executive Directors together. The policy mentioned above may be accessed on the Company's website at the link [http://hitechgears.com/images/Nomination\\_Remuneration-Policy.pdf](http://hitechgears.com/images/Nomination_Remuneration-Policy.pdf).

The Company did not advance any loan to any of Director during the period under review.

- The details of the remuneration paid/payable to the Chairman, Managing Director and Whole Time Director for the year ended March 31, 2016, are as under: -

(Amount in Rs. Lacs)

| Name of Director   | Designation        | Salary | Perquisites | EPF  | Commission | Total  |
|--------------------|--------------------|--------|-------------|------|------------|--------|
| Mr. Deep Kapuria   | Executive Chairman | 101.57 | 9.16        | 7.62 | 54.99      | 173.29 |
| Mr. Pranav Kapuria | Managing Director  | 38.40  | 6.83        | 2.88 | 41.46      | 89.56  |
| Mr. Anuj Kapuria   | Executive Director | 32.17  | 7.68        | 2.42 | 41.46      | 83.73  |

**Note:-**

- Salary includes basic salary & HRA, Perquisites includes medical & other perquisites. EPF includes contribution to provident and other statutory funds.
- Shareholders have approved a maximum commission @ 3% of Net Profit in case of Mr. Deep Kapuria & 1.5% each in case of Mr. Pranav Kapuria & Mr. Anuj Kapuria. The same is calculated in terms of Section 197, 198 & other applicable provisions of Companies Act, 2013. In current year, the Commission payable is 1.59% for Mr. Deep Kapuria & 1.20% each for Mr. Pranav Kapuria & Mr. Anuj Kapuria.
  - The Non-Executive Directors play an active role in the meetings of the Board and are associated with the Various Board Committees. They also bring independent judgment in the Board's deliberations and decisions. The details of the remuneration paid/ payable to the Non-Executive Directors for the year ended March 31, 2016 are as under:-

| No. | Name of the Non-Executive Directors                            | Sitting fees (Rs) | Commission (Rs)  | Total (Rs)       |
|-----|--|-------------------|------------------|------------------|
| 1.  | Mr. Anil Khanna  | 1,10,000          | 2,16,621         | 3,26,621         |
| 2.  | Mr. Sandeep Dinodia  | 1,20,000          | 2,16,621         | 3,36,621         |
| 3.  | Mr. Vinit Taneja   | 70,000            | 2,16,621         | 2,86,621         |
| 4.  | Mr. Ramesh Chandra Jain  | 40,000            | 2,16,621         | 2,56,621         |
| 5.  | Mr. Prosad Dasgupta  | 40,000            | 2,16,621         | 2,56,621         |
| 6.  | Mr. K.C. Verma   | 60,000            | 2,16,621         | 2,76,621         |
| 7.  | Mr. P.C. Mathew (Resigned on 3 <sup>rd</sup> Nov., 2015)       | 30000             | 1,27,842         | 1,57,842         |
| 8.  | Mr. Bidadi Anjani Kumar (Joined on 3 <sup>rd</sup> Nov., 2015) | 10000             | 88,782           | 98,782           |
| 9.  | Ms. Malini Sud   | 50,000            | 2,16,621         | 2,66,621         |
|     | <b>Total</b>   | <b>5,30,000</b>   | <b>17,32,971</b> | <b>22,62,971</b> |

**Note:**

- Other than the Executive Directors, Directors were entitled to sitting fee & Commission on the Net Profit of the Company.
- There were no other pecuniary transactions with Independent Directors.
- No stock option scheme has been launched by the Company till date.

**V. Corporate Social Responsibility**

Brief description of terms of reference

The CSR Committee has been formed pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 The regulation aforesaid mandate the Roles, Responsibilities, Powers & Scope of the Corporate & Social Responsibility Committee & its members. Therefore, Board of Directors constituted a Corporate & Social Responsibility Committee in April, 2014.

The Corporate Social Responsibility Committee of your Company consists of three Directors.

Board has evaluated the working of the Corporate Social Responsibility Committee for FY 2015-16.

**Meetings and attendance**

The Corporate Social Responsibility Committee met One (1) time during the financial year 2015-16 on 21<sup>st</sup> May, 2015.

The meetings were attended by members as detailed below:-

| Name               | Position/Composition | Category             | No. of meetings during the tenure | No. of meetings attended |
|--------------------|----------------------|----------------------|-----------------------------------|--------------------------|
| Mr. K.C. Verma     | Chairman             | Independent Director | 1                                 | 1                        |
| Mr. Deep Kapuria   | Member               | Executive Director   | 1                                 | 1                        |
| Mr. Pranav Kapuria | Member               | Executive Director   | 1                                 | 1                        |

Company Secretary acts as the secretary of the Committee.

**The following roles & responsibilities of the Committee:-**

- Formulate a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Act;
- The amount of expenditure to be incurred on the activities to be undertaken by the company as specified in Schedule VII of the Act;
- Monitor the Corporate Social Responsibility Policy of the company from time to time;



4. Other activities, as may be undertaken from time to time in accordance with 1 to 3 above.

As part of its initiatives under CSR, the Company has undertaken various projects pursuant to schedule VII & CSR Policy of Company. Company spent a sum of Rs. 26,29,527/- As per detail mentioned in Annexure IV to the Director Report.

## VI. (a) Stakeholder Relationship Committee

### Brief description of terms of reference

The Stakeholder Relationship Committee of your Company consists of three Directors. All members are Independent & Non-Executive Directors. The scope, compliances & functions of the Stakeholder Relationship committee is in line with the Listing Regulations and the provisions of Section 178 of the Companies Act, 2013 along with rules made thereunder.

Board has evaluated the working of Stakeholder Relationship Committee for FY 2015-16.

### Meetings and attendance

No meeting was required to hold during the FY 2015-16. As the complaints are re-solved by the process mechanism, there was no instance required to hold the committee meeting.

### Composition, Name of Members and Chairman:

The Stakeholder Relationship Committee consists of the following Directors all being Non-Executive & Independent Directors:

| Name                  | Position/Composition | Category             |
|-----------------------|----------------------|----------------------|
| Mr. Anil Kumar Khanna | Chairman             | Independent Director |
| Mr. Sandeep Dinodia   | Member               | Independent Director |
| Mr. Vinit Taneja      | Member               | Independent Director |

### Name and Designation of the Compliance officer

Mr. S.K. Khatri, Company Secretary

### Investors Complaints during the financial year ended 31.03.2016

|   |         |
|---|---------|
| Pending at the beginning of the year        | Nil     |
| Received during the year                    | 2 (Two) |
| Disposed off during the year                | 2 (Two) |
| Remaining unresolved at the end of the year | Nil     |

## b. Share Transfer Committee

### Brief description of terms of reference

The shares of the Company are traded in the compulsory Demat mode for all investors. All requests for physical share transfer and dematerialization of shares (if in order and complete in all respect) are processed and confirmed within the statutory period.

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.

### Meetings and attendance

The Share Transfer Committee met 11 (eleven) time during the financial year 2015-16 on 30<sup>th</sup> May, 2015, 31<sup>st</sup> July, 2015, 10<sup>th</sup> August, 2015, 30<sup>th</sup> September, 2015, 31<sup>st</sup> October, 2015, 30<sup>th</sup> November, 2015, 14<sup>th</sup> December, 2015, 28<sup>th</sup> December, 2015, 25<sup>th</sup> January, 2016 & 29<sup>th</sup> February, 2016, 26<sup>th</sup> March, 2016. The Committee considers the matters relating to transfer, transmission and transposition of shares, sub-division and consolidation of shares, replacement of lost/stolen/mutilated share certificates and review of dematerialization and re-materialization of shares during the year.

Pursuant to Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is in process of compiling authentic information for the purpose of opening a separate Demat Suspense Account

As on 31<sup>st</sup> March, 2016 no equity shares were pending for transfer.

## VII Separate Independent Directors' Meetings

As per the Schedule IV of Companies Act, 2013, Clause 49 of the Listing Agreement & Regulation 25 of Listing Regulations, 2015, Independent Directors to meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs.

During the year under review, the Independent Directors met on May 21, 2015, inter alia, to discuss:

1. Review the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Review the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Assess the quality, quantity and timelines of flow of information between the Company, Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the independent Directors were present at the meeting.

During the year under review, there were no pecuniary transactions with any Non Executive Directors of the Company.

## VIII. Annual General Meeting

(a) Details of last three Annual General Meetings (AGM) of the Company are given hereunder:

| Financial Year | Date               | Time       | Venue   | No. of Special Resolution Passed |
|----------------|--------------------|------------|---|----------------------------------|
| 2014-15        | September 29, 2015 | 11.00 A.M. | A-589, Industrial Complex, Bhiwadi-301019 (Rajasthan) | Five                             |
| 2013-14        | September 18, 2014 | 11:00 A.M. | A-589, Industrial Complex, Bhiwadi-301019 (Rajasthan) | Four                             |
| 2012-13        | September 30, 2013 | 11:00 A.M. | A-589, Industrial Complex, Bhiwadi-301019 (Rajasthan) | Nil                              |

- b. No resolution was passed by way of postal ballot during the year 2015-2016.  
c. At the forthcoming Annual General Meeting, no resolution to be passed through Postal Ballot.  
d. Dividend history of last five years

| S. No. | Financial year | Rate of Dividend             | Date of Declaration      |
|--------|----------------|------------------------------|--------------------------|
| 1      | 2014-15        | Interim – 10%<br>Final- 15%  | 12-02-2015<br>29-09-2015 |
| 2      | 2013-14        | Interim – 10%<br>Final- 15%  | 14-02-2014<br>18-09-2014 |
| 3      | 2012-13        | Interim-10%<br>Final-15%     | 14-02-2013<br>30-09-2013 |
| 4      | 2011-12        | Interim- 20%<br>Final- 25%   | 14-02-2012<br>28-09-2012 |
| 5      | 2010-2011      | Interim – 15%<br>Final – 25% | 14-03-2011<br>27-09-2011 |

For the year 2015-16, the interim dividend @ 15% was declared on 12<sup>th</sup> February, 2016.

### e. Unclaimed Dividend

The proposed date for the transfer of unclaimed final dividend by the Company for the year 2008-09 to IEPF is 29<sup>th</sup> October, 2016.

In terms of the notification no. G.S.R. 352(E) dated 10<sup>th</sup> May, 2012, the Company has displayed the information relating to amount of unclaimed and unpaid dividend at its website [www.hitechgears.com](http://www.hitechgears.com). The same to be updated from time to time.

Directorships and Memberships held in various committees of other companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

## IX Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered first by the Nomination and Remuneration Committee and then by the Board, for appointment, as Independent Directors on the Board. The Committee and Board, inter alia, considers qualification, positive attributes, area of expertise and number of

## X Disclosures

- A. The Contracts/Arrangements with the entities in which the Directors may be directly/indirectly interested were approved by the Audit Committee & Board of Directors. The same are provided below as required under Accounting Standard 18 (AS-18) and Regulation 34(3) read with Schedule V (A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015


**Related Party Disclosure as on 31.03.2016**
**(Amount in Rs. Lacs)**

| Particulars                          | Aquarian Fibrecement Pvt. Ltd. | Vulcan Electro Controls Ltd. | The Hi-Tech Engineering System Pvt. Ltd. | The Hi-Tech Robotic Systemz Ltd. | Mr. Deep Kapuria E Chairman | Mr. Pranav Kapuria MD | Mr. Anuj Kapuria ED | Total   |
|--------------------------------------|--------------------------------|------------------------------|--|----------------------------------|-----------------------------|-----------------------|---------------------|---------|
| <b>Nature of Relationship</b>        |                                |                              |  |                                  |                             |                       |                     |         |
| Rent                                 | 205.01                         | -                            | -  | -                                | -                           | -                     | -                   | 205.01  |
| Sale of Fixed Assets                 | -                              | 2.76                         | 1353.63                                  | -                                | -                           | -                     | -                   | 1356.39 |
| Rendering of Job Work/Services       | -                              | 62.60                        | 316.86                                   | -                                | -                           | -                     | -                   | 379.46  |
| Receiving of Job Work/Services       | -                              | 1950.14                      | 0.06                                     | 341.81                           | -                           | -                     | -                   | 2292.01 |
| Goods Purchased                      | -                              | 6075.92                      | 3558.51                                  | -                                | -                           | -                     | -                   | 9634.43 |
| Director's Remuneration              | -                              | -                            | -  | -                                | 173.29                      | 89.56                 | 83.73               | 346.58  |
| Sale of Fixed Assets                 | -                              | 32.97                        | 11.31                                    | -                                | -                           | -                     | -                   | 44.28   |
| Reimbursement of Exp. Paid           | -                              | 8.50                         | 24.12                                    | -                                | -                           | -                     | -                   | 32.62   |
| Reimbursement of Exp. Received       | -                              | 24.04                        | -  | -                                | -                           | -                     | -                   | 24.04   |
| Balance as on 31.03.16 (Recoverable) | -                              | -                            | -  | -                                | -                           | -                     | -                   | -       |
| Balance as on 31.03.2016 (Payable)   | -                              | 528.15                       | 983.06                                   | 23.84                            | -                           | -                     | -                   | 1535.05 |
| Net Payable                          | -                              | -                            | -  | -                                | -                           | -                     | -                   | -       |

- The transactions with Vulcan Electro Controls Limited & The Hi-Tech Engineering Systems Private Limited are regarded material in terms of Companies Act & Listing Agreement.
  - Transactions relating to Whole Time Directors & KMPs is remuneration. Remuneration to include salary, HRA, perquisites including medical reimbursements etc. and contribution towards EPF. Details in Note No. 31(c) of Notes to financial Statements may differ due to inclusion/non inclusion of certain items.
  - Other Key Managerial Personnel include Chief Financial Officer & Company Secretary.
  - The transactions with the above entities are done within normal course of business. Transactions other than those for which approval is sought from shareholders in view of their materiality, are neither materially significant nor they have potential conflict with the interest of the Company at large. The managerial personnel are paid remuneration in term of the approval of shareholders.  
The Board of Directors has formulated a policy on related party transactions pursuant to the provisions of the Companies Act, 2013 and Listing Regulations which has been uploaded and available on the company website [www.hitechgears.com](http://www.hitechgears.com).
- B. There has neither been any non-compliance of any legal provision of applicable law, nor any stricture penalty imposed by the Stock Exchanges or Securities & Exchange Board of India (SEBI) or any other authorities, on any matters related to capital markets, during the last three years.
- C. As per the requirement of the companies Act, 2013 and Listing Regulations (erstwhile clause 49 of the Listing Agreement), the Company has established vigil mechanism to enable directors and employees to report concerns about unethical behaviors, actual or suspected fraud or violation of the Company's code of conduct or

ethical policy. The whistle blowers may lodge their complaints/concern with the Chairman of the Audit Committee, whose contact details are provided in the Whistle Blower Policy of the Company. The policy offers appropriate protection to the whistle blowers from victimization, harassment or disciplinary proceedings. The whistle Blower Policy is also available on the website at [www.hitechgears.com](http://www.hitechgears.com).

- D. The Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed under the Listing Regulations to the extent applicable to the Company. The certificate regarding compliance with the conditions of Corporate Governance received from Statutory Auditors is annexed to this Report.

Compliance status with Discretionary Requirements are given below:

- (i) The Chairman of the Company is Executive and the Company is maintaining the office at its expense.
  - (ii) The Company is in process of adopting a formal training program for Board Members.
  - (iii) The quarterly / half yearly results are not sent to the shareholders. However, the same are published in the newspapers and are also posted on the Company's website.
  - (iv) Company has appointed two separate persons to the post of Chairman and Managing Director.
  - (v) The Internal Auditors report to the Audit Committee.
- E. The Company does not have any material subsidiary however the company has framed the policy for determining "material "subsidiaries". The same has been placed on the website of the Company at [www.hitechgears.com](http://www.hitechgears.com).
- F. The Company's Policy is to take forward cover in respect of is foreign currency exposure. During the financial year

ended March 31, 2016, the Company did not engage in commodity hedging activities.

## XI MEANS OF COMMUNICATION

1. The quarterly, half yearly and annual financial results and quarterly shareholding pattern are posted on the Company's official website i.e. www.hitechgears.com as per the requirements of listing agreement/regulations, the Company also submits the all periodical Compliance filings on NSE Electronic Application System (NEAPS) and BSE Corporate Compliance & Listing Centre (the Listing Centre).
2. Full version of the Annual Report including the notice of Annual General Meeting, Management & Discussion Analysis, Corporate Governance Report, Audited Financial Results, Cash Flow Statement, and Director's Report etc. are sent to the shareholders & stock Exchanges within the stipulated time and also uploaded on Company's Official website. The Annual Report together with notice of Annual General Meeting is being

sent in following manner:

- i. To those shareholders, who hold shares in demat forms & have provided their email ID to their depositories – thru email by providing a link/Annual Report.
  - ii. To others – Thru physical copies of Annual Report by Courier/registered book post.
3. All material information about the Company is promptly sent through email/facsimile to the Stock Exchanges where the shares of the Company are listed.
  4. The Company has not displayed any official news release during the year under review except as required by the Listing Agreement mentioned in point 1 above.
  5. A Management Discussion and Analysis report is given separately which forms part of the Director's Report.
  6. The Company generally publishes its financial results in the Business Standard (English) and Dainik Lokmat (Hindi). The details are provided in Section XII, Clause 1 herein below:

## XII. General Shareholder information

### 1. Annual General Meeting:

30th Annual General Meeting of the Company will be held on Friday the 23<sup>rd</sup> day of September, 2016 at 11:00 A.M at the Registered Office of the Company situated at A-589, Industrial Complex, Bhiwadi, Distt. Alwar, Rajasthan 301019.

| Financial Calender for 2015-16   | Results were announced on | Newspapers                         | Date of Publication      |
|--|---------------------------|------------------------------------|--------------------------|
| Financial Reporting for the 1 <sup>st</sup> quarter ended June 30, 2015            | 11.08.2015                | Business Standard<br>Dainik Lokmat | 13.08.2015<br>13.08.2015 |
| Financial Reporting for the 2nd quarter and 1st half year ended September 30, 2015 | 03.11.2015                | Business Standard<br>Dainik Lokmat | 05.11.2015<br>05.11.2015 |
| Financial Reporting for the 3rd quarter ended December 31, 2015                    | 12.02.2016                | Business Standard<br>Dainik Lokmat | 13.02.2016<br>14.02.2016 |
| Financial Reporting for the 4th quarter and year ended March 31, 2016              | 26.05.2016                | Business Standard<br>Dainik Lokmat | 28.05.2016<br>28.05.2016 |

### 2. Financial Calendar for 2016-2017 (Tentative and subject to change)

|  |                                       |
|--|---------------------------------------|
| Financial Reporting for the 1st quarter ended June 30, 2016  | 11th August, 2016                     |
| Financial Reporting for the 2 <sup>nd</sup> quarter and 1 <sup>st</sup> half year ended September 30, 2016 | November, 2016 (2 <sup>nd</sup> Week) |
| Financial Reporting for the 3 <sup>rd</sup> quarter ended December 31, 2016                                | February, 2017 (2nd Week)             |
| Financial Reporting for the year ended March 31, 2017.   | May, 2017 (Last week)                 |
| Annual General Meeting for the year 2015-16  | September 23rd, 2016                  |

### 3. Date of Book Closure

September 17, 2016 to September 23, 2016  
(Both days inclusive)

### E-Voting Cut-off date

September 16, 2016

### Dividend payment

Dividend, if declared by the shareholders in the Annual General Meeting, shall be paid as Rs.1.50 per share i.e. @15% to those shareholders whose name appears on the Register of members as on September 23, 2016.

In respect of the shares held in electronic form, to those members whose names appear in the statements of beneficial ownership furnished by Depositories (NSDL/CDSL) as at the end of business hours on September 16, 2016



#### 4. Listing on Stock Exchanges

As on March 31, 2016 the equity shares of the Company are listed on the following Stock Exchanges:-

**a) National Stock Exchange of India Limited**

Exchange Plaza, 5<sup>th</sup> Floor, Plot no. C-1, Block G,  
Bandra – Kurla Complex, Bandra (E), Mumbai – 400051  
India Stock Code- HITECHGEAR

**b) Bombay Stock Exchange Limited**

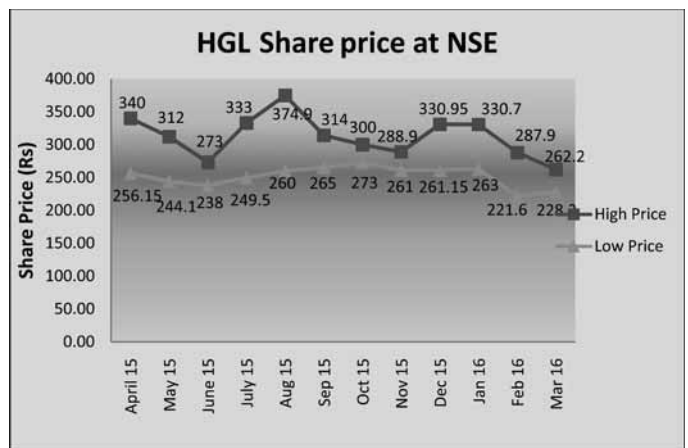
Phiroze Jeejeebhoy Towers, 25<sup>th</sup> Floor, Dalal Street,  
Mumbai. Stock Code – 522073

**Note:** The listing fee for the year 2015-2016 has been paid to the Stock Exchanges within the stipulated time.

#### 5. Market Price Data

Monthly high and low prices of equity shares of the Company at BSE and NSE during the year under review are given hereunder.

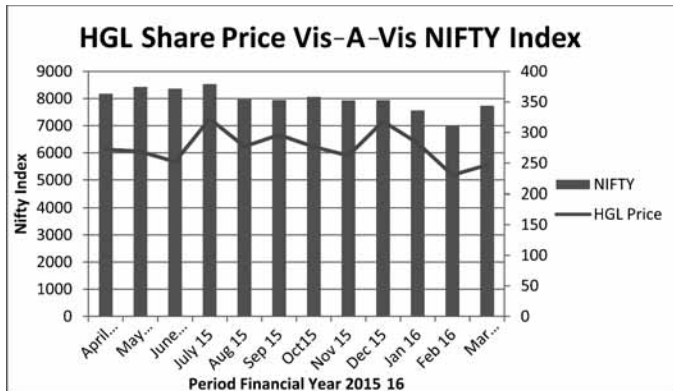
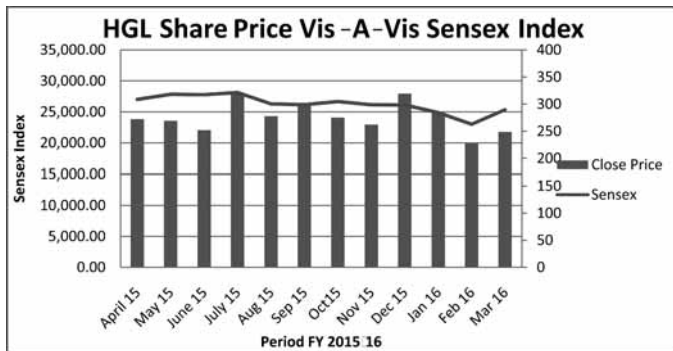
| Month  | Bombay Stock Exchange Limited (BSE) |           |          |          | No. of shares traded | National Stock Exchange of India Limited (NSE) |           |         |         |         |
|--------|-------------------------------------|-----------|----------|----------|----------------------|--|-----------|---------|---------|---------|
|        | Share Price (Rs.)                   |           | Sensex   |          |                      | Share Price (Rs.)                              |           | Nifty   |         |         |
|        | High Price                          | Low Price | High     | Low      |                      | High Price                                     | Low Price | High    | Low     |         |
| Apr-15 | 335.00                              | 255.70    | 29094.61 | 26897.54 | 16833                | 340.00   | 256.15    | 8844.80 | 8144.75 | 271351  |
| May-15 | 311.00                              | 244.50    | 28071.16 | 26423.99 | 5452                 | 312.00   | 244.10    | 8489.55 | 7997.15 | 209199  |
| Jun-15 | 299.00                              | 240.40    | 27968.75 | 26307.07 | 2479                 | 273.00   | 238.00    | 8467.15 | 7940.30 | 141691  |
| Jul-15 | 333.00                              | 250.00    | 28578.33 | 27416.39 | 5505                 | 333.00   | 249.50    | 8654.75 | 8315.40 | 360152  |
| Aug-15 | 375.00                              | 260.70    | 28417.59 | 25298.42 | 6476                 | 374.90   | 260.00    | 8621.55 | 7667.25 | 400238  |
| Sep-15 | 314.00                              | 258.70    | 26471.82 | 24833.54 | 2790                 | 314.00   | 265.00    | 8055.00 | 7539.50 | 203433  |
| Oct-15 | 315.00                              | 274.00    | 27618.14 | 26168.71 | 1133                 | 300.00   | 273.00    | 8336.30 | 7930.65 | 81837   |
| Nov-15 | 289.60                              | 260.00    | 26824.30 | 25451.42 | 1151                 | 288.90   | 261.00    | 8116.10 | 7714.15 | 82286   |
| Dec-15 | 331.90                              | 261.10    | 26256.42 | 24867.73 | 19058                | 330.95   | 261.15    | 7979.30 | 7551.05 | 2853951 |
| Jan-16 | 330.50                              | 260.80    | 26197.27 | 23839.76 | 6681                 | 330.70   | 263.00    | 7972.55 | 7241.50 | 621383  |
| Feb-16 | 286.40                              | 220.00    | 25002.32 | 22494.61 | 4041                 | 287.90   | 221.60    | 7600.45 | 6825.80 | 145005  |
| Mar-16 | 260.10                              | 232.50    | 25479.62 | 23133.18 | 1920                 | 262.20   | 228.20    | 7777.60 | 7035.10 | 158651  |



#### 6. Performance in comparison to Broad Based Indices:-

Share Price on the last working day of the relevant month





## 7. Registrar and Share Transfer Agent

MAS Services Limited, New Delhi is the Registrar and Share Transfer Agent of the Company for handling the share transfer work both in physical and electronic form. All the correspondences relating to share transfer, transmission, dematerialization, rematerialisation etc. can be made at the following address:-

MAS Services Limited  
(Unit: The Hi-Tech Gears Limited)  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase –II,  
New Delhi – 110020.  
Ph.: 011 – 26387281, 82, 83  
Fax: 011 – 26387384  
Web site: www.masserv.com  
Email: info@masserv.com  
Email ID for redressal of Investor Grievances

Pursuant to Regulation 13 of the Listing Regulations 2015, Company has created a separate Email ID for redressal of Investor Complaints and Grievances. The Email ID is secretarial@hitechgears.com

## 8. Share Transfer System

The shares of the Company are traded in the compulsory demat mode for all investors. All physical share transfers, dematerialization etc are handled by MAS Services Ltd., Registrar and Share Transfer Agent of the Company and the request for physical share transfer and dematerialization of shares (if found in order and complete in all respect) are processed and confirmed within a period of 15 days.

To expedite the share transfer process, authority has been delegated to the Share Transfer Committee which comprises of

two Directors. Share transfer/transmission approved by the Committee is placed at the meeting of the Board of Directors from time to time.

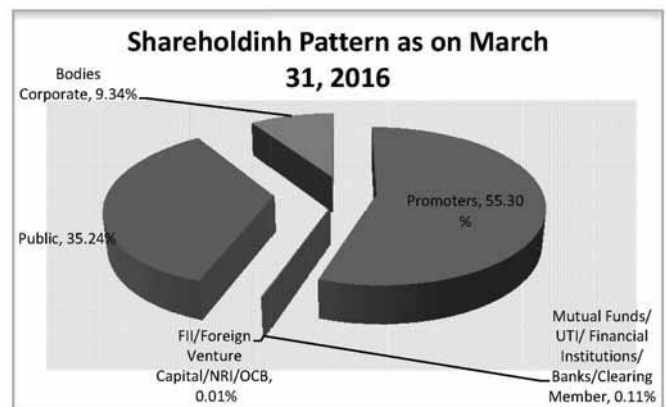
## 9. (a) Distribution of shareholding

As on March 31, 2016 the distribution of shareholding was as follows:

| Share holding of Nominal value of Rs | No. of share      | % (No. of share) | No. of shareholders | % (No. of shareholders) |
|--------------------------------------|-------------------|------------------|---------------------|-------------------------|
| 1 to 5,000                           | 486,951           | 2.595            | 3698                | 78.017                  |
| 5,001 to 10,000                      | 367,463           | 1.958            | 463                 | 9.768                   |
| 10,001 to 20,000                     | 330007            | 1.758            | 215                 | 4.536                   |
| 20,001 to 30,000                     | 246805            | 1.315            | 94                  | 1.983                   |
| 30,001 to 40,000                     | 253806            | 1.352            | 69                  | 1.456                   |
| 40,001 to 50,000                     | 223687            | 1.192            | 48                  | 1.013                   |
| 50,001 to 100,000                    | 481920            | 2.568            | 65                  | 1.371                   |
| 100,001 and above                    | 16377361          | 87.262           | 88                  | 1.857                   |
| <b>TOTAL</b>                         | <b>18,768,000</b> | <b>100.00</b>    | <b>4740</b>         | <b>100.00</b>           |

## (b) Category wise shareholding as on March 31, 2016

| Category  | % of shareholding | No. of shares held |
|---|-------------------|--------------------|
| Promoters & Promoter Group  | 55.30%            | 10,378,621         |
| Mutual Funds/ UTI/ Depository Reciept/ Banks/Financial Institutions/Insurance Companies | 0.11%             | 20,697             |
| FII/Foreign Venture Capital/NRI/OCB   | 0.01%             | 1,000              |
| Public  | 35.24%            | 6,613,931          |
| Bodies Corporate  | 9.34%             | 1,753,751          |
| <b>Total</b>  | <b>100%</b>       | <b>18,768,000</b>  |



## 10. (a) Dematerialization of shares and liquidity

The equity shares of the Company are compulsorily traded and settled only in the dematerialized form under ISIN No. INE127B01011. Your Company is maintaining connectivity with both the Depositories i.e. NSDL and CDSL. The members are requested to dematerialize their physical holding in view of various advantages in dematerialized form.



The details of the equity shares of the Company dematerialized as on March 31, 2016 is given hereunder:

| Particulars                         | As on March 31, 2016 |               |
|-------------------------------------|----------------------|---------------|
|                                     | No. of Shares        | Percentage(%) |
| <b>No. of Shares dematerialized</b> |                      |               |
| -NSDL                               | 16190540             | 86.27         |
| -CDSL                               | 2448027              | 13.04         |
| No. of shares in physical form      | 129433               | 0.69          |
| <b>Total</b>                        | <b>18,768,000</b>    | <b>100.00</b> |

**(b) Liquidity**

The equity shares of the Company are liquid and frequently traded.

**11. Outstanding GDRs /ADRs /Warrants or any convertible instruments, conversion date and likely impact on equity.**

The Company has not issued any GDRs/ADRs/Warrants or any Convertible instruments, hence this section is not applicable to the Company.

**12. Plant Locations**

The Company's manufacturing facilities are located at the following locations:

| S. No. | Plant Address   |
|--------|---|
| 1      | A-589, Industrial Complex, Bhiwadi, District Alwar, Rajasthan – 301019. |
| 2      | Plot No. 24, 25 & 26, Sector 7, IMT Manesar, Gurgaon, Haryana- 122050.  |
| 3.     | SPL-146, Industrial Complex, Bhiwadi-301019, District Alwar, Rajasthan. |

**13. Address for correspondence**

- a. Transfer/dematerialization of shares and any other queries relating to Shares : MAS Services Limited (Unit: The Hi-Tech Gears Limited) T-34, 2nd Floor, Okhla Industrial Area, Phase –II, New Delhi – 110020. Ph. : 011 – 26387281, 82, 83 Fax : 011 – 26387384 Web site: [www.masserv.com](http://www.masserv.com) Email: [info@masserv.com](mailto:info@masserv.com), [sm@masserv.com](mailto:sm@masserv.com)
- b. Queries related to Payment of dividend on Shares, Annual Report and others : Mr. S. K. Khatri Company Secretary & Compliance Officer 14th Floor, Tower-B, Unitech's Millennium Plaza, Shushant Lok-1, Sector – 27, Gurgaon, Haryana-122009-01 Tel No: (0124) – 4715100 Fax No: (0124) – 2806085 Email : [secretarial@hitechgears.com](mailto:secretarial@hitechgears.com)

**14. Code of conduct for the Board Members and Senior Management Personnel**

The Board of Directors has approved a Code of Conduct for Board Members and Senior Management Personnel of the Company. This code is also available on the website of the Company, [www.hitechgears.com](http://www.hitechgears.com). In terms of revised Regulation 26 of listing Obligations and Disclosure Requirement Regulations 2015, a confirmation from the Managing Director regarding compliance with the Code of Conduct by all the Directors and Senior Management is given along with this report.

**15. CEO/CFO Certification**

In terms of Regulation 17 (8) read with part B of Schedule II of the SEBI listing Regulations 2015, the certification by the CEO and CFO on the financial statements and internal controls relating to financial reporting has been obtained, and placed before the Board, in their meeting held on May 26, 2016. A copy of the same certificate is given along with this report.

**16. Insider Trading Code**

The Company has formulated a Code of conduct for prevention of Insider Trading pursuant to Securities and Exchange Board of India (Insider Trading) Regulations, 2015 to prevent practices of Insider trading. Mr. S. K. Khatri, Company Secretary has been designated as Compliance Officer for this purpose. Employees of the Company have affirmed compliances with the Insider Trading Code.

**17. Legal Compliance**

There were no cases of non-compliance by the Company and no material penalties or strictures have been imposed on or proposed against the Company by the stock exchange (s) and/or SEBI and/or any other statutory authorities on matters relating to capital market. The Company has complied with the provisions of relevant Acts, Rules & Regulations framed there under during the year 2015-2016.

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

**Place : New Delhi  
Date : August 11, 2016**

**Sd/-  
Deep Kapuria  
Chairman**

**Certification by CEO and Sr. General Manager (Finance)**

The Board of Directors  
 The Hi-Tech Gears Limited  
 A-589, Industrial Complex,  
 Dist. Alwar, Bhiwadi – 301019,  
 Rajasthan.

**Ref: Certification by CEO and Sr. General Manager (Finance) for Financial Year 2015-16**

- (a) We, the undersigned in our respective capacities, certify to the Board that we have reviewed the financial statements and the cash flow statement for the financial year 2015-16 and that to the best of our knowledge and belief:
- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee, wherever applicable, the following:
- i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For The Hi-Tech Gears Limited

Sd/-  
 Vijay Mathur  
 Sr. General Manager (Finance)

Sd/-  
 Pranav Kapuria  
 Chief Executive Officer

Place : New Delhi  
 Date : May 26, 2016

**AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE PURSUANT TO SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015**

To  
 The Members of  
 The Hi-Tech Gears Limited  
 (Formerly Hi-Tech Gears Limited)

We have examined the compliance of the conditions of Corporate Governance by The Hi-Tech Gears Limited ('the Company'), formerly known as Hi-Tech Gears Limited, for the year ended on 31 March, 2016, , as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations as applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Gupta Vigg & Co.  
 Chartered Accountants  
 Firm Regn. No. 001393N

Sd/-  
 CA. Deepak Pokhriyal  
 Partner

Place : New Delhi  
 Date : May 26, 2016

Membership No. : 524778

**Compliance with Code of Conduct for Board of Directors and Sr. Management Personnel**

The Board of Directors  
 The Hi-Tech Gears Limited  
 A-589, Industrial Complex,  
 Dist. Alwar, Bhiwadi-301019, Rajasthan.

I, Pranav Kapuria, CEO of the Company hereby certify that the Board of Directors and the Sr. Management Personnel have affirmed compliance with the code of conduct for Board of Directors and Sr. Management Personnel for the Financial Year 2015-16.

For The Hi-Tech Gears Limited

Sd/-  
 Place : New Delhi  
 Date : March 31, 2016

Sd/-  
 Pranav Kapuria  
 (Chief Executive Officer)



## SHAREHOLDERS' INFORMATION

**Corporate Identification Number** - L29130RJ1986PLC004536

### Registered Office & Works

A-589, Industrial Complex, Bhiwadi - 301019,  
District Alwar, (Rajasthan)  
Tel No: (01493) – 665000/641227  
Web site: www.hitechgears.com

### Corporate Office

14<sup>th</sup> Floor, Tower-B, Unitech's Millennium Plaza,  
Shushant Lok-I, Sector – 27, Gurgaon, Haryana-122002  
Tel No: (0124) – 4715100, Fax No: (0124) – 2806085  
Email: secretarial@hitechgears.com

### Listing

The shares of the company are listed on the following Stock Exchanges:-

#### Stock Exchange

- (a) National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051.
- (b) Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001.

#### Stock Code

HITECHGEAR

522073

### Interim Dividend for the year 2015-16

The Board of Directors in their meeting held on 12th February, 2016 have approved an interim dividend of Re 1.50/- (Rupee One and Paise Fifty only) per equity shares of Rs 10/- (Rupees Ten only) each on the paid up Share Capital of the Company. The same was paid within stipulated time period.

### 30<sup>th</sup> Annual General Meeting

Date & Time : Friday the 23<sup>rd</sup> day of September, 2016 at 11.00 A.M.  
Venue : A-589, Industrial Complex, Bhiwadi - 301019, District Alwar, (Rajasthan).

### Book Closure Dates

September 17 to September 23, 2016 (both days inclusive)

### Cutoff date for e-voting

September 16, 2016

### E-Voting

The voting period begins on September 20, 2016 at 9:00 a.m. and ends on September 22, 2016 at 5:00 p.m.

### EVEN (Electronic Voting Event Number)

EVEN of The Hi-Tech Gears Limited is 104874

### Final Dividend

The Board of Directors in their meeting held on 26th May, 2016 have recommended final dividend of Rs. 1.50 per equity share (@ 15%) subject to the approval of the members in their Annual General Meeting on 23<sup>rd</sup> day of September, 2016. If final dividend on shares as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made to those members whose names appear in the Register of Members on September 23, 2016. In respect of the shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on September 16, 2016, as per the details to be furnished by the depositories for this purpose

### Dividend payment date

The management will organise the necessary documentations & manage the Schedule for payment of final dividend, if declared by the shareholders. Estimate date of disbursement is October 17, 2016

### Depository System

In view of the numerous advantages offered by the depository system, the members are requested to avail the facilities of dematerialization of the company's shares on either of the depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### Registrar and Share Transfer Agent

MAS Services Limited  
(Unit: The Hi-Tech Gears Limited)  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II, New Delhi – 110020.  
Ph.: 011 – 26387281, 82, 83, Fax: 011 – 26387384  
Email: info@masserv.com; sm@masserv.com, Web site: www.masserv.com

# INDEPENDENT AUDITORS' REPORT

**To the Members of  
The Hi-Tech Gears Limited  
(Formerly Hi-Tech Gears Limited)**

## **Report on the Financial Statements**

We have audited the accompanying financial statements of The Hi-Tech Gears Limited ('the Company'), formerly known as Hi-Tech Gears Limited, which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received

from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - I. The Company has disclosed the impact of pending litigations on its financial position in its

financial statement- Refer Note 35 B(2) to the financial statements;

- II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- III. There has been no delay in transferring amounts, required to be transferred to the investor education and protection fund by the company.

For Gupta Vigg & Co.  
Chartered Accountants  
Firm Registration No. 001393N

CA. Deepak Pokhriyal  
Partner  
Membership Number : 524778

Place : New Delhi  
Date : 26 May, 2016

## Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records to show full particulars including quantitative details and situations of fixed assets.
- (b) The Company has a regular programme of verification of fixed assets. All the fixed assets except furniture and fixtures and office equipments have been physically verified by the management during the year, which in our opinion is reasonable having regard to size of the Company and nature of fixed assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanations given to us, the inventories have been physically verified during the year by the management at reasonable intervals. No material discrepancies were noticed on physical verification of inventories by the management.
- (iii) The Company has not granted any loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not made any loans, guarantees and security under the provisions of section 185 of the Companies Act, 2013. According to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act, with respect to the investments made.
- (v) According to the information and explanation given to us, the company has not accepted any deposits from the

public. Therefore, paragraph 3(v) of the order is not applicable to the Company.

- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax or duty of customs or duty of excise or value added tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax and service tax have not been deposited by the Company on account of disputes:

| S. No. | Name of the Statute      | Nature of Dues | Period to which the amount relates | Amount (Rs.)         | Forum Where Dispute is Pending  |
|--------|--------------------------|----------------|------------------------------------|----------------------|---|
| 1      | Central Excise Act, 1944 | Service Tax    | Feb'09 to Dec'09                   | 85,598<br>(85,598)   | Pending with Tribunal, RK Puram, Delhi [In Previous Year, the matter was pending before Commissioner (Appeals), CE] |
| 2      | Central Excise Act, 1944 | Service Tax    | Nov'10 to Aug'11                   | NIL<br>(164,915)     | Disposed by Tribunal, RK Puram, Delhi   |
| 3      | Central Excise Act, 1944 | Service Tax    | Sep'11 to Jun'12                   | 217,316<br>(217,316) | Commissioner (Appeals), Central Excise, Jaipur  |
| 4      | Central Excise Act, 1944 | Service Tax    | Nov'06 to July'11                  | NIL<br>(1,148,612)   | Disposed by Tribunal, RK Puram, Delhi   |

|    |                          |             |                  |                                  |   |
|----|--------------------------|-------------|------------------|----------------------------------|---|
| 5  | Central Excise Act, 1944 | Service Tax | Aug'11 to Jul'12 | NIL<br>(325,712)                 | Disposed by Tribunal, RK Puram, Delhi   |
| 6  | Central Excise Act, 1944 | Service Tax | Aug'11 to Jul'12 | NIL<br>(33,475)                  | Disposed by Tribunal, RK Puram, Delhi   |
| 7  | Central Excise Act, 1944 | Service Tax | Aug'12 to Jul'13 | NIL<br>(25,545)                  | Disposed by Tribunal, RK Puram, Delhi   |
| 8  | Central Excise Act, 1944 | Service Tax | Aug'12 to Jul'14 | 915,720<br>(NIL)                 | Commissioner (Appeal), Central Excise, Haryana  |
| 9  | Central Excise Act, 1944 | Service Tax | Aug'13 to Jul'14 | 57,400<br>(NIL)                  | Commissioner (Appeal), Central Excise, Delhi  |
| 10 | Income Tax Act, 1961     | Income Tax  | A.Y. 2008-09     | 256,368<br>(256,368)             | Income Tax Appellate Tribunal [In Previous Year, the matter was pending before Commissioner of Income Tax (Appeals)]      |
| 11 | Income Tax Act, 1961     | Income Tax  | A.Y. 2012-13     | 352,960<br>(352,960)             | Commissioner of Income Tax (Appeals)  |
| 12 | Income Tax Act, 1961     | Income Tax  | A.Y. 2010-11     | 2,540,000<br>(3,312,315)         | Income Tax Appellate Tribunal [In Previous Year, the matter was pending with Commissioner of Income Tax (Appeals), Delhi] |
| 13 | Income Tax Act, 1961     | Income Tax  | A.Y. 2013-14     | 869,191<br>(NIL)                 | Commissioner of Income Tax (Appeals)  |
|    | <b>Total</b>             |             |                  | <b>5,294,553<br/>(5,922,816)</b> |   |

Note- Figures in brackets relates to the previous year.

- viii) Based on our audit procedures and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to any banks or to any financial institution. The Company did not have any outstanding debentures during the year.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Based on our audit procedures and on the information given by the management, we report that term loans have been utilized for the purpose, for which they have been raised.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Gupta Vigg & Co.  
Chartered Accountants  
Firm Registration No. 001393N

CA. Deepak Pokhriyal  
Partner

Membership Number : 524778

Place : New Delhi  
Date : 26 May, 2016



## **Annexure - B to the Independent Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of The Hi-Tech Gears Limited ('the Company'), formerly known as Hi-Tech Gears Limited as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Gupta Vigg & Co.  
Chartered Accountants  
Firm Registration No. 001393N

CA. Deepak Pokhriyal  
Partner

Place : New Delhi  
Date : 26 May, 2016

Membership Number : 524778



## BALANCE SHEET AS AT 31ST MARCH, 2016

| Particulars                        | Note No. | As at<br>31.03.2016<br>(Rs.) | As at<br>31.03.2015<br>(Rs.) |
|------------------------------------|----------|------------------------------|------------------------------|
| <b>I. EQUITY &amp; LIABILITIES</b> |          |                              |                              |
| <b>(1) SHAREHOLDERS' FUNDS</b>     |          |                              |                              |
| (a) Share capital                  | 2        | 187,680,000                  | 187,680,000                  |
| (b) Reserves and surplus           | 3        | 1,772,633,299                | 1,628,972,099                |
| <b>(2) NON-CURRENT LIABILITIES</b> |          |                              |                              |
| (a) Long-term borrowings           | 4        | 2,808,533                    | 1,567,583                    |
| (b) Deferred tax liabilities (Net) | 5        | 27,335,773                   | 40,434,400                   |
| (c) Long-term provisions           | 6        | 31,869,008                   | 23,483,485                   |
| <b>(3) CURRENT LIABILITIES</b>     |          |                              |                              |
| (a) Short-term borrowings          | 7        | 411,332,083                  | 298,719,676                  |
| (b) Trade payables                 | 8        | 385,886,792                  | 343,021,292                  |
| (c) Other current liabilities      | 9        | 245,881,490                  | 364,231,461                  |
| (d) Short-term provisions          | 10       | 93,812,118                   | 48,469,569                   |
| <b>Total</b>                       |          | <b>3,159,239,096</b>         | <b>2,936,579,565</b>         |
| <b>II. ASSETS</b>                  |          |                              |                              |
| <b>(1) NON-CURRENT ASSETS</b>      |          |                              |                              |
| (a) Fixed assets                   | 11       |                              |                              |
| (i) Tangible assets                |          | 1,739,547,504                | 1,720,636,144                |
| (ii) Intangible assets             |          | 4,148,196                    | 4,907,229                    |
| (iii) Capital work-in-progress     |          | 25,258,145                   | 8,038,424                    |
| (b) Non-current investments        | 12       | 683,425                      | 40,500                       |
| (c) Long term loans and advances   | 13       | 31,282,432                   | 39,985,550                   |
| (d) Other non-current assets       | 14       | 5,635,000                    | 5,500,000                    |
| <b>(2) CURRENT ASSETS</b>          |          |                              |                              |
| (a) Inventories                    | 15       | 321,274,930                  | 282,098,175                  |
| (b) Trade receivables              | 16       | 664,639,984                  | 640,786,153                  |
| (c) Cash and bank balances         | 17       | 155,177,619                  | 21,254,809                   |
| (d) Short term loans and advances  | 18       | 196,159,981                  | 204,723,934                  |
| (e) Other current assets           | 19       | 15,431,880                   | 8,608,647                    |
| <b>Total</b>                       |          | <b>3,159,239,096</b>         | <b>2,936,579,565</b>         |

See accompanying notes forming part  
of the financial statements

1

AS PER OUR REPORT OF EVEN DATE  
for Gupta Vigg & Co.  
Chartered Accountants  
Firm Registration No. 001393N

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
THE HI-TECH GEARS LIMITED

Deep Kapuria  
Executive Chairman

Pranav Kapuria  
Managing Director

CA. Deepak Pokhriyal  
Partner  
Membership No. 524778

Sandeep Dinodia  
Director

Vijay Mathur  
Sr. GM-Finance

Place : New Delhi  
Date : May 26, 2016

S.K. Khatri  
Company Secretary

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

| Particulars   | Note No. | For the year ended<br>31.03.2016<br>(Rs.) | For the year ended<br>31.03.2015<br>(Rs.) |
|---|----------|---|---|
| I. Revenue from operations  | 20       | 4,499,728,923                             | 4,319,283,826                             |
| II. Other income  | 21       | 22,762,706                                | 26,646,041                                |
| <b>III. Total Revenue (I +II)</b>                                     |          | <b>4,522,491,629</b>                      | <b>4,345,929,867</b>                      |
| IV. <b>EXPENSES</b>   |          |   |   |
| Cost of materials consumed  | 22       | 2,152,722,249                             | 2,087,338,053                             |
| Purchases of stock-in-trade (traded goods)                            | 23       | 340,626,185                               | 441,602,410                               |
| Changes in inventories of finished goods,<br>and work-in-progress     | 24       | (20,153,496)                              | (13,283,232)                              |
| Employee benefits expense   | 25       | 686,474,874                               | 608,550,142                               |
| Finance costs   | 26       | 24,926,886                                | 36,862,834                                |
| Depreciation and amortization expense                                 | 11       | 227,309,428                               | 251,085,510                               |
| Other expenses  | 27       | 767,936,265                               | 670,817,935                               |
| <b>V. Total Expenses</b>  |          | <b>4,179,842,391</b>                      | <b>4,082,973,652</b>                      |
| VI. Profit before exceptional and extraordinary items and tax (III-V) |          | 342,649,238                               | 262,956,215                               |
| VII. Exceptional items  | 48       | 6,655,287                                 | -   |
| VIII. Profit before extraordinary items and tax (VI-VII)              |          | 335,993,951                               | 262,956,215                               |
| IX. Extraordinary items   |          | -   | -   |
| X. Profit before tax (VIII-IX)  |          | 335,993,951                               | 262,956,215                               |
| XI. Tax expense:  |          |   |   |
| (a) Current income tax  |          | 135,500,000                               | 93,000,000                                |
| (b) Deferred tax  |          | (13,098,627)                              | (14,215,143)                              |
| (c) Income tax for earlier years                                      |          | 1,950,292                                 | -   |
| XII. Profit for the period from continuing operations (X-XI)          |          | 211,642,286                               | 184,171,358                               |
| XIII. Profit from discontinuing operations                            |          | -   | -   |
| XIV. Tax expense of discounting operations                            |          | -   | -   |
| XV. Profit from discontinuing operations (XIII-XIV)                   |          | -   | -   |
| XVI. Profit for the period (XII+XV)                                   |          | <b>211,642,286</b>                        | <b>184,171,358</b>                        |
| Number of shares for the purpose of calculating EPS                   |          | 18,768,000                                | 18,768,000                                |
| Earnings per equity share of Rs. 10/- each                            |          |   |   |
| 1. Basic  |          | 11.28                                     | 9.81                                      |
| 2. Diluted  |          | 11.28                                     | 9.81                                      |

**See accompanying notes forming part  
of the financial statements**

1

AS PER OUR REPORT OF EVEN DATE  
for Gupta Vigg & Co.  
Chartered Accountants  
Firm Registration No. 001393N

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
THE HI-TECH GEARS LIMITED

Deep Kapuria  
Executive Chairman

Pranav Kapuria  
Managing Director

CA. Deepak Pokhriyal  
Partner  
Membership No. 524778

Sandeep Dinodia  
Director

Vijay Mathur  
Sr. GM-Finance

Place : New Delhi  
Date : May 26, 2016

S.K. Khatri  
Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

| Particulars  | For the year ended<br>31.03.2016<br>(Rs) |                      | For the year ended<br>31.03.2015<br>(Rs) |                      |
|--|--|----------------------|--|----------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                          |  |                      |  |                      |
| Net Profit / (Loss) before extraordinary items and tax                 |  | 335,993,951          |  | 262,956,215          |
| <i>Adjustments for:</i>  |  |                      |  |                      |
| Depreciation and amortisation  | 227,309,428                              |                      | 251,085,510                              |                      |
| (Profit) / loss on sale of fixed assets                                | (2,589,565)                              |                      | 796,429                                  |                      |
| Finance costs  | 24,926,886                               |                      | 36,862,834                               |                      |
| Interest income  | (3,385,390)                              |                      | (3,264,349)                              |                      |
| Dividend income  | (10,725)                                 |                      | (10,725)                                 |                      |
| Liabilities / provisions no longer required written back               | (1,825,969)                              |                      | (12,127,908)                             |                      |
| Provision for doubtful trade & other receivables, loans & advances     | 13,097,508                               |                      | 590,804                                  |                      |
| Unrealised Foreign Exchange (Gain) / Loss (Net)                        | 10,611,183                               |                      | 6,086,123                                |                      |
|  |  | 268,133,356          |  | 280,018,718          |
| Operating profit / (loss) before working capital changes               |  | 604,127,307          |  | 542,974,933          |
| <i>Changes in working capital:</i>                                     |  |                      |  |                      |
| <i>Adjustments for (increase) / decrease in operating assets:</i>      |  |                      |  |                      |
| Inventories  | (39,176,755)                             |                      | (29,865,728)                             |                      |
| Trade receivables  | (41,412,749)                             |                      | (122,280,950)                            |                      |
| Short-term loans and advances  | 10,956,705                               |                      | 52,859,832                               |                      |
| Long-term loans and advances   | (245,677)                                |                      | (1,194,137)                              |                      |
| Other current assets   | (6,217,379)                              |                      | 208,151                                  |                      |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> |  |                      |  |                      |
| Trade payables   | 42,626,338                               |                      | 77,537,220                               |                      |
| Other current liabilities  | 18,086,334                               |                      | 20,530,400                               |                      |
| Other long-term liabilities  | -  |                      | (2,500,000)                              |                      |
| Long term provisions   | 8,385,523                                |                      | (2,262,302)                              |                      |
| Short-term provisions  | 45,132,717                               |                      | (63,793,490)                             |                      |
|  |  | 38,135,057           |  | (70,761,004)         |
|  |  | 642,262,364          |  | 472,213,929          |
| Cash flow from extraordinary items                                     |  | -                    |  | -                    |
| Cash generated from operations   |  | 642,262,364          |  | 472,213,929          |
| Net income tax (paid) / refunds  |  | (139,875,943)        |  | (81,656,616)         |
| <b>Net cash flow from / (used in) operating activities (A)</b>         |  | <b>502,386,421</b>   |  | <b>390,557,313</b>   |
| <b>B. Cash flow from investing activities</b>                          |  |                      |  |                      |
| Capital expenditure on fixed assets, including capital advances        | (256,355,727)                            |                      | (328,426,609)                            |                      |
| Proceeds from sale of fixed assets                                     | 5,212,611                                |                      | 850,120                                  |                      |
| (Increase) / decrease in non current assets                            | (777,925)                                |                      | 75,000                                   |                      |
| Payment out of reserve   | -  |                      | -  |                      |
| Interest received  | 2,779,536                                |                      | 3,004,776                                |                      |
| Dividend received  | 10,725                                   |                      | 10,725                                   |                      |
|  |  | (249,130,780)        |  | (324,485,988)        |
| Cash flow from extraordinary items                                     | -  | -                    | -  | -                    |
|  |  | (249,130,780)        |  | (324,485,988)        |
| Net income tax (paid) / refunds  | -  |                      | -  |                      |
| <b>Net cash flow from / (used in) investing activities (B)</b>         |  | <b>(249,130,780)</b> |  | <b>(324,485,988)</b> |

| Particulars  | For the year ended<br>31.03.2016<br>(Rs)      |                      | For the year ended<br>31.03.2015<br>(Rs) |                     |
|--|---|----------------------|--|---------------------|
|  | <b>C. Cash flow from financing activities</b> |                      |  |                     |
| Proceeds from long-term borrowings   | 2,569,664                                     |                      | 5,406,750                                |                     |
| Repayment of long-term borrowings  | (141,816,762)                                 |                      | (200,870,336)                            |                     |
| Net increase / (decrease) in working capital borrowings  | 108,314,607                                   |                      | 216,741,844                              |                     |
| Finance cost   | (20,629,086)                                  |                      | (33,636,634)                             |                     |
| Dividends paid   | (56,304,000)                                  |                      | (46,920,000)                             |                     |
| Tax on dividend  | (11,467,254)                                  | (119,332,831)        | (8,536,928)                              | (67,815,304)        |
| Cash flow from extraordinary items   |   | -                    |  | -                   |
| <b>Net cash flow from / (used in) financing activities (C)</b>   |   | <b>(119,332,831)</b> |  | <b>(67,815,304)</b> |
| <b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>  |   | <b>133,922,810</b>   |  | <b>(1,743,979)</b>  |
| Cash and cash equivalents at the beginning of the year   | 21,254,809                                    |                      | 22,998,788                               |                     |
| Effect of exchange differences of foreign currency Cash and cash equivalents   |   | 155,177,619          |  | 21,254,809          |
| <b>Cash and cash equivalents at the end of the year</b>  |   |                      |  |                     |
| <b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>   |   |                      |  |                     |
| Cash and cash equivalents as per Balance Sheet   |   | 155,177,619          |  | 21,254,809          |
| Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 Cash Flow Statements (FDR in margin money & accrued interest thereon) |   | 13,969,117           |  | 3,217,302           |
| Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)  |   | <b>141,208,502</b>   |  | <b>18,037,507</b>   |
| Add: Current investments considered as part of cash and cash equivalents (as defined in AS 3 Cash Flow Statements)                                       |   | -                    |  | -                   |
| <b>Cash and cash equivalents at the end of the year *</b>  |   | <b>141,208,502</b>   |  | <b>18,037,507</b>   |
| * Comprises:   |   |                      |  |                     |
| (a) Cash on hand   |   | 1,138,513            |  | 891,392             |
| (b) Balances with banks  |   |                      |  |                     |
| (i) In current accounts  |   | 10,950,163           |  | 8,330,022           |
| (ii) In EEFC accounts  |   | 79,119,826           |  | 6,316,093           |
| (iii) In deposit accounts with original maturity of less than 3 months   |   | 50,000,000           |  | 2,500,000           |
|  |   | <b>141,208,502</b>   |  | <b>18,037,507</b>   |

**Notes:**

(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.

**See accompanying notes forming part of the financial statements**

1

AS PER OUR REPORT OF EVEN DATE  
for Gupta Vigg & Co.  
Chartered Accountants  
Firm Registration No. 001393N

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
THE HI-TECH GEARS LIMITED

Deep Kapuria  
Executive Chairman

Pranav Kapuria  
Managing Director

CA. Deepak Pokhriyal  
Partner  
Membership No. 524778

Sandeep Dinodia  
Director

Vijay Mathur  
Sr. GM-Finance

Place : New Delhi  
Date : May 26, 2016

S.K. Khatri  
Company Secretary



## **NOTE '1' – NOTES FORMING PART OF FINANCIAL STATEMENTS**

### **Summary of significant accounting policies followed by the Company**

#### **1.1 Basis of Preparation of Financial Statements**

The Financial Statements are prepared under the historical cost convention on accrual basis and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

Accounting Policies not specifically referred to otherwise are consistent and in accordance with generally accepted accounting principles.

#### **1.2 Use of Estimates**

In preparing Company's financial statements in conformity with accounting principles generally accepted in India, the Management is required to make estimates & assumptions that affect the reported amount of Assets & Liabilities and the disclosure of Contingent Liabilities at the date of the Financial Statements and the reported amount of revenues & expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in the period the same is determined.

#### **1.3 Inventories**

The basis of valuation for various categories of inventories is as follows:-

Stores, Spares and : At cost or Net realisable

Loose Tools and Raw Materials : value, whichever is lower (FIFO)

Work in progress : At material cost plus conversion cost on the basis of absorption costing or Net realisable value, whichever is lower

Finished Goods : At material cost plus conversion cost on the basis of absorption costing or Net realisable value, whichever is lower (Inclusive of excise duty payable)

Scrap : At realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated cost necessary to make the sale.

#### **1.4 Provisions, Contingent Liabilities and Contingent Assets**

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable & a reliable estimate of the amount of obligation can be made.

The disclosure is made for possible or present obligation that may require outflow of resources as contingent liability in the financial statements. Depending on the facts of each case and after due evaluation of relevant legal aspects, claims against the Company not acknowledged as debts are disclosed as contingent liabilities. In respect of the statutory matters, contingent liabilities are disclosed only for those demand(s) that are contested by the Company.

Contingent assets are neither recognized nor disclosed in the financial statements.

#### **1.5 Revenue Recognition**

The revenue from Sale of Goods is recognized on transfer of all significant risk & rewards of ownership to the buyer. Sale value is inclusive of excise duty. Price revisions of goods sold are accounted for at the time of billing except in the case where reasonable certainty has been measured up to the date of Balance Sheet.

Export Sale is accounted for at exchange rate notified by Central Govt. under Custom Law. Bills outstanding on the Balance Sheet date are reinstated with the exchange rate on that date and the difference on this account is booked in the Profit & Loss Account.

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable. Dividend income is recognized, when right to receive is established.

Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

Revenue from services is recognized in accordance with specific terms of contract on performance.

#### **1.6 Fixed Assets and Depreciation**

All Tangible & Intangible Assets are stated at cost (net of taxes/duties which are eligible for credit) less accumulated depreciation and impairment of Loss, if any. Depreciation on Buildings and Plant and Equipment is charged on pro-rata basis on Straight Line Method based on the life assigned to each asset in accordance with Schedule II of Companies Act, 2013. Intangible assets are amortized over their respective

individual estimated useful life on written down value basis commencing from the date, the asset is available to the company for its use. Depreciation on rest of the fixed assets has been provided on Written Down Value basis based on the life assigned to each asset in accordance with Schedule II of Companies Act, 2013.

## 1.7 Employee Benefits

### (i) Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short term employee benefits to be paid in exchange for employee services are recognised as an expense as the related service is rendered by employees.

### (ii) Defined Contribution Plan

Payments to defined contribution retirement benefit schemes (such as Provident Fund, Employee's State Insurance Corporation) are charged to the statement of profit and loss of the year in which contribution to such schemes becomes due.

### (iii) Defined Benefit Plan

For defined benefit schemes, the cost of providing benefits is determined using Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Actuarial gain & losses are recognized in full in the statement of profit and loss for the period in which they occur.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligations as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets.

The Company makes annual contribution to the Employee's Group Gratuity-cum-Life Assurance scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of continued service.

The Company provides the liability for the leave encashment benefit of the employees at each

balance sheet date on the basis of actuarial valuation, the amount of provision & paid during the year is charged to the statement of profit and loss.

## 1.8 Foreign Currency Transactions

(i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

(ii) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc. are translated at year end exchange rates.

(iii) Exchange differences arising on settlement of transactions are recognized as income or expense in the year in which they arise, but pursuant to the notification of the Companies (Accounting Standards) Amended Rules 2009 issued on 31<sup>st</sup> March 2009, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset w.e.f. 1<sup>st</sup> April 2007 and depreciated over the balance life of the asset.

(iv) Derivative Instruments and Hedge accounting:

The Company uses foreign exchange forward contracts and options to hedge its exposure to movements in foreign exchange rates. These foreign exchange forward contracts and options are not used for trading or speculation purposes.

For unexpired forward contracts or options that are designated as effective cash flow hedges the gain or loss from the effective portion of the hedge is recorded and reported directly in the shareholders' fund ( under the head "Hedging Reserve) and will be transferred to Profit and Loss account upon the occurrence of the events when the contracts get transacted.

The Company recognizes gains or losses from forward contracts and options that are not designated as effective cash flow hedges for accounting purposes in the profit and loss account in the period in which they occur.

## 1.9 Investments

Long term investments are carried at cost. However provision for diminution, if any, is made to recognize a decline, other than temporary, in the value of investments.

Cost of an investment includes acquisition charges such as brokerage, fees and duties.



### **1.10 Borrowing Cost**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged as expense to the statement of profit and loss in the period for which they relate to.

### **1.11 Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **1.12 Provision for Current & Deferred Taxes**

Tax expenses comprise current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Deferred income taxes reflects the impact of current period timing difference between taxable and accounting income for the period and reversal of timing differences of earlier years. Deferred taxes is measured based on the tax rates and the tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty and sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profit. Excess/short provisions and interest thereon are recognised only on completion of assessment or where adjustments made by the Assessing Officer are disputed, on receiving the 'Order Giving Effect' to the tax determined by the CIT (Appeals) and thereafter on final settlement of further disputes.

### **1.13 Research and Development Costs**

Revenue expenditure incurred on research and

development has been charged to the statement of profit and loss for the year in which it is incurred. Capital expenditure is included in respective heads under fixed assets.

### **1.14 Impairment of Assets**

At each Balance Sheet date, the Company reviews whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the Profit & Loss Account to the extent the carrying amount exceeds the recoverable amount.

### **1.15 Leases**

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

### **1.16 Cash and Cash Equivalents**

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

### **1.17 Cash Flow Statement**

Cash flow statements are reported using the indirect method, whereby profit/ (loss) before extra-ordinary items/exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipt or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on available information including taxes paid relating to these activities.

**1.18** Prior period and extra ordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed appropriately.

**1.19** Material events occurring after the Balance Sheet date are taken into cognizance and disclosed appropriately.



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

|   | As at<br>31.03.2016<br>(Rs) |                   | As at<br>31.03.2015<br>(Rs) |          |
|---|-----------------------------|-------------------|-----------------------------|----------|
| <b>NOTE '2' - SHARE CAPITAL</b>   |                             |                   |                             |          |
| <b>(a) Authorised Capital</b>   |                             |                   |                             |          |
| 20,000,000 Equity shares of Rs. 10/- each with voting rights<br>(Previous year 20,000,000 Equity shares of Rs. 10/- each with voting rights)  | <b>200,000,000</b>          |                   | <b>200,000,000</b>          |          |
| <b>(b) Issued, Subscribed and fully Paid-up</b>   |                             |                   |                             |          |
| 18,768,000 Equity shares of Rs. 10/- each & fully paid up with voting rights<br>(Previous year 18,768,000 Equity shares of Rs. 10/- each fully paid up with voting rights)  | <b>187,680,000</b>          |                   | <b>187,680,000</b>          |          |
| <b>(c) Reconciliation of the number of Equity Shares with voting rights</b>   |                             |                   |                             |          |
|   | <b>31.03.2016</b>           | <b>31.03.2015</b> |                             |          |
| Shares outstanding at the beginning of the year   | 18,768,000                  | 18,768,000        |                             |          |
| Add : Shares issued during the year   | Nil                         | Nil               |                             |          |
| Less: Shares forfeited during the year  | Nil                         | Nil               |                             |          |
| Shares outstanding at the end of the year   | 18,768,000                  | 18,768,000        |                             |          |
| <b>(d) Equity Shares held by shareholders holding more than 5% of total number of shares with voting rights</b>   |                             |                   |                             |          |
|   | <b>31.03.2016</b>           |                   | <b>31.03.2015</b>           |          |
| <b>Name of Share Holder</b>   | <b>No of Shares</b>         | <b>%</b>          | <b>No of Shares</b>         | <b>%</b> |
| Vulcan Electro Controls Ltd   | 1,082,000                   | 5.77              | 1,082,000                   | 5.77     |
| Olympus Electrical Industries Pvt.Ltd.  | 1,745,200                   | 9.30              | 1,745,200                   | 9.30     |
| Hi-Tech Portfolio Investments Ltd.  | 1,971,876                   | 10.51             | 1,971,876                   | 10.51    |
| Mr. Deep Kapuria  | 3,117,461                   | 16.61             | 3,117,461                   | 16.61    |
| <b>(e) Terms/rights attached to Equity Shares</b>   |                             |                   |                             |          |
| <p>The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share on all resolutions submitted to Shareholders. They have right to participate in the profits of the company, if declared by the Board as Interim Dividend and recommended by the Board &amp; declared by the Members as Final Dividend. They are also entitled to Bonus/Right issue, as declared by company from time to time. They have right to receive Annual Report of the Company, beside other rights available under the Companies Act and Listing Agreement.</p> <p>In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, beside other rights available under the Companies Act.</p> <p>The distribution will be in proportion to the number of equity shares held by the shareholders.</p> |                             |                   |                             |          |
| <b>(f) Aggregate number of fully paid up Equity Shares allotted as bonus shares during the period of 5 Years immediately preceding the Balance Sheet Date</b>   |                             |                   |                             |          |
| 9,384,000 Equity Shares of Rs.10/- each with voting rights fully paid-up allotted by way of bonus shares in the year 2010-11  |                             |                   |                             |          |



|  | As at<br>31.03.2016<br>(Rs) |                      | As at<br>31.03.2015<br>(Rs) |                      |
|--|-----------------------------|----------------------|-----------------------------|----------------------|
| <b>NOTE '3' - RESERVES &amp; SURPLUS</b>   |                             |                      |                             |                      |
| <b>(a) Capital Reserve</b>   |                             |                      |                             |                      |
| (i) Central Investment Subsidy   |                             |                      |                             |                      |
| Balance as per last Balance Sheet  | 1,500,000                   |                      | 1,500,000                   |                      |
| Add: Received during the year  | -                           |                      | -                           |                      |
| Less: Utilised during the year   | -                           |                      | -                           |                      |
| Closing balance  |                             | 1,500,000            |                             | 1,500,000            |
| (ii) State Capital Investment Subsidy  |                             |                      |                             |                      |
| Balance as per last Balance Sheet  | 6,846,000                   |                      | 6,846,000                   |                      |
| Add: Received during the year  | -                           |                      | -                           |                      |
| Less: Utilised during the year   | -                           |                      | -                           |                      |
| Closing balance  |                             | 6,846,000            |                             | 6,846,000            |
| <b>(b) Revaluation Reserve - Land</b>  |                             |                      |                             |                      |
| Balance as per last Balance Sheet  | 301,643,801                 |                      | 301,643,801                 |                      |
| Add: Revaluation during the year   | -                           |                      | -                           |                      |
| Less: Utilised during the year   | -                           |                      | -                           |                      |
| Closing balance  |                             | 301,643,801          |                             | 301,643,801          |
| <b>(c) Corporate Social Responsibility Reserve</b>   |                             |                      |                             |                      |
| Balance as per last Balance Sheet  | 13,989,000                  |                      | 13,989,000                  |                      |
| Add : Transferred from surplus during the year   | -                           |                      | -                           |                      |
| Less: Utilised during the year   | -                           |                      | -                           |                      |
| Closing balance  |                             | 13,989,000           |                             | 13,989,000           |
| <b>(d) General Reserve</b>   |                             |                      |                             |                      |
| Balance as per last Balance Sheet  | 274,087,991                 |                      | 264,087,991                 |                      |
| Add : Transferred from surplus during the year   | 10,000,000                  |                      | 10,000,000                  |                      |
| Less: Utilised for issuance of Bonus Share   | -                           |                      | -                           |                      |
| Less: Transferred to Corporate Social Responsibility reserve   | -                           |                      | -                           |                      |
| Closing balance  |                             | 284,087,991          |                             | 274,087,991          |
| <b>(e) Surplus in Statement of Profit &amp; Loss</b>   |                             |                      |                             |                      |
| Balance as per last Balance Sheet  | 1,030,905,307               |                      | 986,370,426                 |                      |
| Less: Depreciation on transition as per Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note '11') | -                           |                      | 73,335,270                  |                      |
| Add : Profit for the year  | 211,642,286                 |                      | 184,171,358                 |                      |
| Less: Interim Dividend distributed to equity shareholders Rs. 1.50 per share (Previous year Rs. 1.00 per share)  | 28,152,000                  |                      | 18,768,000                  |                      |
| Less: Dividend Proposed to be distributed to equity shareholders Rs 1.50 Per share (Previous year Rs. 1.50 Per share)  | 28,152,000                  |                      | 28,152,000                  |                      |
| Less: Tax on dividend (Interim)  | 5,838,543                   |                      | 3,752,496                   |                      |
| Less: Tax on Proposed dividend   | 5,838,543                   |                      | 5,628,711                   |                      |
| Less: Transferred to General Reserve   | 10,000,000                  |                      | 10,000,000                  |                      |
| Closing balance  |                             | 1,164,566,507        |                             | 1,030,905,307        |
| <b>Total</b>   |                             | <b>1,772,633,299</b> |                             | <b>1,628,972,099</b> |

|  | As at<br>31.03.2016<br>(Rs)                    | As at<br>31.03.2015<br>(Rs) |                   |                            |                         |                   |                  |
|--|--|-----------------------------|-------------------|----------------------------|-------------------------|-------------------|------------------|
| <b>NOTE '4' - LONG TERM BORROWINGS</b>   |  |                             |                   |                            |                         |                   |                  |
| <b>SECURED:</b>  |  |                             |                   |                            |                         |                   |                  |
| <b>(l) Term-loans</b>  |  |                             |                   |                            |                         |                   |                  |
| <b>(a) DBS External Commercial Borrowing (USD Nil, Previous year-USD 1,125,000)*</b>   |  |                             |                   |                            |                         |                   |                  |
| <b>Terms &amp; conditions:-</b>  | <b>31.03.2016</b>                              | <b>31.03.2015</b>           |                   |                            |                         |                   |                  |
| Sanctioned amount:-  | USD 4,500,000                                  | USD 4,500,000               |                   |                            |                         |                   |                  |
| Total no. of installments:-  | 16 Quarterly installment of USD 281,250/- each |                             |                   |                            |                         |                   |                  |
| No. of installment pending:-   | Nil Nos.                                       | 4 Nos.                      |                   |                            |                         |                   |                  |
| Rate of Interest :-  | Libor+3%                                       |                             |                   |                            |                         |                   |                  |
| Security:-The amount is secured by way of pari pasu first charge over movable fixed asset, both present and future and also secured by second pari pasu charge over goods, both present and future including book debts. The charge is also secured by first pari pasu charge over immovable property situated at A-589, RIICO, Bhiwadi, Alwar.  |  |                             |                   |                            |                         |                   |                  |
| <b>(b) Standard Chartered Bank External Commercial Borrowing USD (USD Nil, Previous year-USD 1,100,000)*</b>   |  |                             |                   |                            |                         |                   |                  |
| <b>Terms &amp; conditions:-</b>  | <b>31.03.2016</b>                              | <b>31.03.2015</b>           |                   |                            |                         |                   |                  |
| Sanctioned amount:-  | USD 4,400,000                                  | USD 4,400,000               |                   |                            |                         |                   |                  |
| Total no. of installments:-  | 16 Quarterly installment of USD 275,000/- each |                             |                   |                            |                         |                   |                  |
| No. of installment pending:-   | Nil Nos.                                       | 4 Nos.                      |                   |                            |                         |                   |                  |
| Rate of Interest :-  | Libor+3%                                       |                             |                   |                            |                         |                   |                  |
| Security:-The amount is secured by first pari pasu charge over immovable property situated at A-589, RIICO, Bhiwadi, Alwar with all building & structure and Plant & Machinery both present & future. Loan is also secured by way of hypothecation on first pari pasu basis over all present & future movable fixed assets (excluding assets specifically charged) & also secured by second pari pasu charge on entire current assets. |  |                             |                   |                            |                         |                   |                  |
| *Note: The aforesaid term loans has been closed during the current financial year and the corresponding charge created on these term loans has been fully satisfied. Disclosure of previous year maturity amount has been made under the head of Other Current Liabilities (Refer Note 9).   |  |                             |                   |                            |                         |                   |                  |
| <b>(c) Car Loan</b>  |  |                             |                   |                            |                         |                   |                  |
| <b>(i) ICICI Bank Limited</b>  |  |                             |                   |                            |                         |                   |                  |
| <b>Sr No.</b>  | <b>Sanction Amount</b>                         | <b>Total Instalments</b>    | <b>EMI Rs.</b>    | <b>Pending Instalments</b> | <b>Rate of interest</b> |                   |                  |
| 1  | 2,528,000                                      | 59                          | 53,871            | 34                         | 10.50%                  |                   |                  |
| 2  | 426,000*                                       | 36                          | 13,980            | 0                          | 11.17%                  |                   |                  |
| *Note: Car loan has been fully repaid during the current financial year. Disclosure of previous year maturity amount has been made under the head of Other Current Liabilities (Refer Note 9).   |  |                             |                   |                            |                         |                   |                  |
| <b>(ii) Kotak Mahindra Prime Ltd.</b>  |  |                             |                   |                            |                         |                   |                  |
| <b>Sr No.</b>  | <b>Sanction Amount</b>                         | <b>Total Instalments</b>    | <b>EMI Rs.</b>    | <b>Pending Instalments</b> | <b>Rate of interest</b> |                   |                  |
| 1  | 2,710,000                                      | 36                          | 87,461            | 34                         | 10.30%                  |                   |                  |
| Security:-The aforesaid car loans are secured by way of hypothecation of specific Car.   |  |                             |                   |                            |                         |                   |                  |
| <b>Total</b>   |  |                             |                   |                            |                         | <b>2,808,533</b>  | <b>1,567,583</b> |
| <b>NOTE '5' - DEFERRED TAX LIABILITIES</b>   |  |                             |                   |                            |                         |                   |                  |
| Opening balance  |  |                             | 40,434,400        |                            |                         | 92,411,486        |                  |
| Less: Deferred Tax on Depreciation on transition as per Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Refer Note '11')   |  |                             | -                 |                            |                         | 37,761,943        |                  |
| Less : Deferred tax during the year (Refer Note.'34')  |  |                             | 13,098,627        |                            |                         | 14,215,143        |                  |
| Closing balance  |  |                             | <b>27,335,773</b> |                            |                         | <b>40,434,400</b> |                  |



|  | As at<br>31.03.2016<br>(Rs) | As at<br>31.03.2015<br>(Rs) |
|--|-----------------------------|-----------------------------|
| <b>NOTE '6' - LONG TERM PROVISIONS</b>   |                             |                             |
| (a) Provision for employee benefits:   |                             |                             |
| (i) Provision for compensated absences   | 31,869,008                  | 23,483,485                  |
| <b>Total</b>   | <b>31,869,008</b>           | <b>23,483,485</b>           |
| <b>NOTE '7' - SHORT TERM BORROWINGS</b>  |                             |                             |
| <b>Secured:</b>  |                             |                             |
| Working capital-loans / loans repayable on demand from banks:  |                             |                             |
| (a) Citi Bank -N.A.<br>Rate of interest:- 11.25%<br>Security:-Amount is secured by way of first charge on pari pasu basis of all stock in trade, book debts all present and future including machinery and also secured by second pari pasu charge on all present and future movable fixed assets  | 138,972,966                 | 51,886,735                  |
| (b) Citi Bank -Packing Credit<br>Rate of interest:- Rs 100,000,000@ 6.50% and Rs 20,000,000@ 6.25%   | 120,000,000                 | 34,279,200                  |
| (c) Standard Chartered Bank-Packing Credit<br>Rate of interest:- 6.50%<br>Security:-Both (b) & (c) amount is secured by way of first charge on pari pasu basis of all stock in trade, book debts all present and future including machinery and also secured by second pari pasu charge on all present and future fixed assets. Further, the charge is secured by second pari passu on immovable properties at A-589, RIICO, Bhiwadi together with Land & Building, Plant & Machinery & Furniture & Fixture attached/installed and to be attached/installed. | 40,000,000                  | 126,960,000                 |
| (d) State Bank of India<br>Rate of interest:- 11.90%<br>Security:-The Amount is secured by way of first charge on pari pasu basis on all present and future current assets of the company and second pari passu charges on the fixed assets of the company. Further,the charge is secured by second pari passu on immovable property at A-589, RIICO, Bhiwadi.   | 67,981,696                  | 40,543,196                  |
| (e) ICICI Bank Limited<br>Rate of interest:- 11.31%<br>Security:-The Amount is secured by way of first charge on pari pasu basis of all stock in trade, spares & other movable including book debts, bills all present and future ranking pari pasu with other participating banks.  | 106,021                     | 5,076,945                   |
| (f) Citi Bank N.A.,Nassau (Euro 580,000, Previous year Euro 580,000)<br>Rate of Interest :- Libor+1.25%<br>Security:-The amount is obtained from Citi bank N.A.,Nassau, a bank located outside India under non-funded facilities sanctioned and guaranteed by bank in India viz. Citi Bank N.A. India.The security for this amount is covered in (a) above.  | 44,271,400                  | 39,973,600                  |
| <b>Total</b>   | <b>411,332,083</b>          | <b>298,719,676</b>          |

|  | As at<br>31.03.2016<br>(Rs) |                    | As at<br>31.03.2015<br>(Rs) |                    |
|--|-----------------------------|--------------------|-----------------------------|--------------------|
| <b>NOTE '8' - TRADE PAYABLES</b>   |                             |                    |                             |                    |
| (a) Due to micro, medium & small enterprises (Refer Note.'39')   | 10,711,915                  |                    | 7,611,790                   |                    |
| (b) Due to others**  | 375,174,877                 | 385,886,792        | 335,409,502                 | 343,021,292        |
| **for related party balances (Due to others) (Refer Note.'31')   |                             |                    |                             |                    |
| <b>Total</b>   |                             | <b>385,886,792</b> |                             | <b>343,021,292</b> |
| <b>NOTE '9' - OTHER CURRENT LIABILITIES</b>  |                             |                    |                             |                    |
| (a) Current maturity of long term debts<br>(Secured term loan from banks) (Refer Note no.4 for security details) |                             | 1,328,714          |                             | 141,816,762        |
| (b) Interest accrued but not due on borrowings   |                             | 91,669             |                             | 1,284,111          |
| (c) Interest accrued and due on borrowings   |                             | -                  |                             | 106,860            |
| (d) Unpaid dividends   |                             | 1,200,587          |                             | 1,204,328          |
| (e) Other payables   |                             |                    |                             |                    |
| (i) Employees benefits payables  | 34,789,149                  |                    | 29,589,971                  |                    |
| (ii) Expenses payable**  | 156,127,623                 |                    | 149,867,873                 |                    |
| (iii) Against purchase of fixed assets   | 6,327,963                   |                    | 5,749,405                   |                    |
| (iv) Advance from customer   | 26,118,435                  |                    | 10,954,030                  |                    |
| (v) Statutory liabilities (Excise duty, Vat, TDS & others)   | 16,797,350                  |                    | 19,908,121                  |                    |
| (vi) Trade security deposits   | 3,100,000                   | 243,260,520        | 3,750,000                   | 219,819,400        |
| **for related party balances (Refer Note.'31')   |                             |                    |                             |                    |
| <b>Total</b>   |                             | <b>245,881,490</b> |                             | <b>364,231,461</b> |
| <b>NOTE '10' - SHORT TERM PROVISIONS</b>   |                             |                    |                             |                    |
| (a) Provision for employee benefits  |                             |                    |                             |                    |
| (i) Provision for gratuity   | 2,357,764                   |                    | 694,611                     |                    |
| (ii) Provision for bonus ex-gratia   | 28,761,965                  |                    | 10,879,892                  |                    |
| (iii) Provision for compensated absences   | 3,970,887                   | 35,090,616         | 3,060,255                   | 14,634,758         |
| (b) Provision for wealth tax   |                             | -                  |                             | 54,100             |
| (c) Provision for proposed dividend  |                             | 28,152,000         |                             | 28,152,000         |
| (d) Provision for tax on proposed dividend   |                             | 5,838,543          |                             | 5,628,711          |
| (e) Provision for rate difference (Refer Note.'36')  |                             | 24,730,959         |                             | -                  |
| <b>Total</b>   |                             | <b>93,812,118</b>  |                             | <b>48,469,569</b>  |

**Note - '11' : FIXED ASSETS**

Amount in Rs.

| NAME OF ASSETS                        | GROSS BLOCK           |                           |                              | DEPRECIATION                    |                        |                               | NET BLOCK                        |                            |                        |
|---------------------------------------|-----------------------|---------------------------|------------------------------|---------------------------------|------------------------|-------------------------------|----------------------------------|----------------------------|------------------------|
|                                       | Cost as on 01.04.2015 | Additions During the Year |                              | Disposals/sales During the Year | Total as on 31.03.2016 | Depreciation as on 01.04.2015 | Eliminated on disposal of assets | Total Dep as on 31.03.2016 | W.D.V.as on 31.03.2016 |
|                                       |                       | Additions                 | Exchange Fluctuation (AS-11) |                                 |                        |                               |                                  |                            |                        |
| <b>(I) TANGIBLE ASSETS</b>            |                       |                           |                              |                                 |                        |                               |                                  |                            |                        |
| A LAND                                |                       |                           |                              |                                 |                        |                               |                                  |                            |                        |
| Freehold*                             | 384,177,192           | 2,436,132                 | -                            | -                               | 386,613,324            | -                             | -                                | -                          | 386,613,324            |
| Leasehold                             | 18,591,616            | -                         | -                            | -                               | 18,591,616             | 256,430                       | -                                | 512,861                    | 18,078,755             |
| B (i) BUILDING                        | 399,805,316           | 799,750                   | 2,007,145                    | -                               | 402,612,211            | 83,337,865                    | -                                | 95,188,267                 | 307,423,944            |
| (ii) RESIDENTIAL FLATS (Leasehold)    | 5,755,011             | -                         | -                            | -                               | 5,755,011              | 1,458,962                     | -                                | 1,549,266                  | 4,205,745              |
| C PLANT & EQUIPMENTS                  | 2,720,426,419         | 232,244,974               | 4,764,267                    | 45,712,799                      | 2,911,722,861          | 1,744,803,983                 | 43,431,819                       | 1,908,196,287              | 1,003,526,574          |
| D FURNITURE & FIXTURE                 | 27,053,483            | 51,681                    | -                            | -                               | 27,105,164             | 21,587,265                    | -                                | 23,144,356                 | 3,960,808              |
| E VEHICLES                            | 43,828,576            | 3,674,266                 | -                            | -                               | 47,502,842             | 33,191,709                    | -                                | 36,719,927                 | 10,782,915             |
| F OFFICE EQUIPMENTS                   | 63,644,646            | 1,919,988                 | -                            | 6,815,848                       | 58,748,786             | 58,010,101                    | 6,475,054                        | 53,793,347                 | 4,955,439              |
| <b>TOTAL -I (A+B+C+D+E+F)</b>         | <b>3,663,282,259</b>  | <b>241,126,791</b>        | <b>6,771,412</b>             | <b>52,528,647</b>               | <b>3,858,651,815</b>   | <b>1,942,646,115</b>          | <b>49,906,873</b>                | <b>2,119,104,311</b>       | <b>1,739,547,504</b>   |
| <b>(II) INTANGIBLE ASSETS</b>         |                       |                           |                              |                                 |                        |                               |                                  |                            |                        |
| G INVESTMENT IN TENANCY RIGHT         |                       |                           |                              |                                 |                        |                               |                                  |                            |                        |
| H SOFTWARE                            | 77,596,585            | 186,599                   | -                            | 25,500                          | 77,757,684             | 72,689,356                    | -                                | 73,609,488                 | 4,148,196              |
| <b>TOTAL -II (G+H)</b>                | <b>77,596,585</b>     | <b>186,599</b>            | <b>-</b>                     | <b>25,500</b>                   | <b>77,757,684</b>      | <b>72,689,356</b>             | <b>24,227</b>                    | <b>73,609,488</b>          | <b>4,148,196</b>       |
| <b>GRAND TOTAL - (I+II)</b>           | <b>3,740,878,844</b>  | <b>241,313,390</b>        | <b>6,771,412</b>             | <b>52,554,147</b>               | <b>3,936,409,499</b>   | <b>2,015,335,471</b>          | <b>49,931,100</b>                | <b>2,192,713,799</b>       | <b>1,743,695,700</b>   |
| <b>PREVIOUS YEAR</b>                  | <b>3,460,801,555</b>  | <b>296,745,955</b>        | <b>4,531,803</b>             | <b>21,238,825</b>               | <b>3,740,878,844</b>   | <b>1,672,745,025</b>          | <b>19,592,276</b>                | <b>2,015,335,471</b>       | <b>1,725,543,373</b>   |
| <b>(III) CAPITAL WORK IN PROGRESS</b> |                       |                           |                              |                                 |                        |                               |                                  |                            |                        |
| I BUILDING                            | -                     | -                         | -                            | -                               | -                      | -                             | -                                | -                          | -                      |
| J PLANT & MACHINERY                   | 8,038,424             | 18,773,763                | -                            | 1,554,042                       | 25,258,145             | -                             | -                                | -                          | 25,258,145             |
| <b>TOTAL-III (I+J)</b>                | <b>8,038,424</b>      | <b>18,773,763</b>         | <b>-</b>                     | <b>1,554,042</b>                | <b>25,258,145</b>      | <b>-</b>                      | <b>-</b>                         | <b>-</b>                   | <b>25,258,145</b>      |

\* Notes: During the Financial Year 2007-08 the company had revalued its land situated at Revenue Estate of Shihi Villages, Tehsil & Distt. Gurgaon (Haryana) at Rs.32,74,71,300/- admeasuring 41,684.50 Sq yards pursuant to the state Government notification permitting its commercial use. The Valuation had been done by the Govt. approved valuer. The Original cost of this land was Rs.1,01,69,653/-. The increase of Rs.31,73,01,647/- had been credited to Revaluation reserve and debited to Land Account. Further, during the Financial Year 2010-11 a part of above land was acquired by the Government of Haryana and amount of Rs.35,20,396/- was received as compensation against 2057 Sq yards land. Revaluation reserve amounting to Rs.1,56,57,846/- pertaining to the acquired part of land had been reversed during the Financial Year 2010-11.



**Note - '11' : FIXED ASSETS (CONTINUED)**

Amount in Rs.

| NAME OF ASSETS                     | GROSS BLOCK              |                           |                                    |                                       |                              | DEPRECIATION                        |  |  |   | NET BLOCK                        |                               |
|------------------------------------|--------------------------|---------------------------|------------------------------------|---------------------------------------|------------------------------|-------------------------------------|--|--|---|----------------------------------|-------------------------------|
|                                    | COST AS ON<br>01.04.2014 | ADDITIONS DURING THE YEAR |                                    | DISPOSALS/<br>SALE DURING<br>THE YEAR | TOTAL<br>AS ON<br>31.03.2015 | DEPRECIATION<br>AS ON<br>01.04.2014 | DEPRECIATION/<br>AMORTISATION<br>EXPENSE FOR<br>THE YEAR | ELIMINATED<br>ON DISPOSAL<br>OF ASSETS | OTHER ADJUSTMENTS/<br>TRANSITION ADJUSTMENT<br>RECORDED AGAINST SURPLUS<br>BALANCE IN STATEMENT OF<br>PROFIT AND LOSS | TOTAL DEP<br>AS ON<br>31.03.2015 | W.D.V.<br>AS ON<br>31.03.2015 |
|                                    |                          | ADDITIONS                 | EXCHANGE<br>FLUCTUATION<br>(AS-11) |                                       |                              |                                     |  |  |   |                                  |                               |
| (I) TANGIBLE ASSETS                |                          |                           |                                    |                                       |                              |                                     |  |  |   |                                  |                               |
| A LAND                             |                          |                           |                                    |                                       |                              |                                     |  |  |   |                                  |                               |
| Freehold*                          | 377,427,192              | 6,750,000                 | -                                  | -                                     | 384,177,192                  | -                                   | -  | -                                      | -   | -                                | 384,177,192                   |
| Leasehold                          | 18,591,616               | -                         | -                                  | -                                     | 18,591,616                   | -                                   | 256,430  | -                                      | -   | 256,430                          | 18,335,186                    |
| B (I) BUILDING                     | 398,485,717              | -                         | 1,319,599                          | -                                     | 399,805,316                  | 71,555,805                          | 11,781,860   | -                                      | -   | 83,337,665                       | 316,467,651                   |
| (ii) RESIDENTIAL FLATS (Leasehold) | 5,755,011                | -                         | -                                  | -                                     | 5,755,011                    | 1,368,658                           | 90,304   | -                                      | -   | 1,458,962                        | 4,296,049                     |
| C PLANT & EQUIPMENTS               | 2,451,800,308            | 286,271,414               | 3,212,204                          | 38,356                                | 2,720,426,419                | 1,437,519,571                       | 220,154,945  | 19,266,462                             | 106,395,929   | 1,744,803,983                    | 975,622,436                   |
| D FURNITURE & FIXTURE              | 26,115,577               | 937,906                   | -                                  | -                                     | 27,053,483                   | 19,102,035                          | 2,426,222  | -                                      | 59,008  | 21,587,265                       | 5,466,218                     |
| E VEHICLES                         | 43,681,018               | 415,000                   | -                                  | 267,442                               | 43,828,576                   | 27,887,045                          | 5,543,078  | 254,070                                | 15,656  | 33,191,709                       | 10,636,867                    |
| F OFFICE EQUIPMENTS                | 61,348,531               | 2,371,635                 | -                                  | 75,520                                | 63,644,646                   | 51,588,012                          | 4,992,893  | 71,744                                 | 1,500,940   | 58,010,101                       | 5,634,545                     |
| <b>TOTAL -I (A+B+C+D+E+F)</b>      | <b>3,383,204,970</b>     | <b>296,745,955</b>        | <b>4,531,803</b>                   | <b>38,356</b>                         | <b>3,663,282,259</b>         | <b>1,609,021,126</b>                | <b>245,245,732</b>                                       | <b>19,592,276</b>                      | <b>107,971,533</b>  | <b>1,942,646,115</b>             | <b>1,720,636,144</b>          |
| (II) INTANGIBLE ASSETS             |                          |                           |                                    |                                       |                              |                                     |  |  |   |                                  |                               |
| G INVESTMENT IN TENANCY RIGHT      | -                        | -                         | -                                  | -                                     | -                            | -                                   | -  | -                                      | -   | -                                | -                             |
| h SOFTWARE                         | 77,596,585               | -                         | -                                  | -                                     | 77,596,585                   | 63,723,899                          | 5,839,778  | -                                      | 3,125,679   | 72,689,356                       | 4,907,229                     |
| <b>TOTAL -II (G+H)</b>             | <b>77,596,585</b>        | <b>-</b>                  | <b>-</b>                           | <b>-</b>                              | <b>77,596,585</b>            | <b>63,723,899</b>                   | <b>5,839,778</b>   | <b>-</b>                               | <b>3,125,679</b>  | <b>72,689,356</b>                | <b>4,907,229</b>              |
| <b>GRAND TOTAL -(I+II)</b>         | <b>3,460,801,555</b>     | <b>296,745,955</b>        | <b>4,531,803</b>                   | <b>38,356</b>                         | <b>3,740,878,844</b>         | <b>1,672,745,025</b>                | <b>251,085,510</b>                                       | <b>19,592,276</b>                      | <b>111,097,212</b>  | <b>2,015,335,471</b>             | <b>1,725,543,373</b>          |
| <b>PREVIOUS YEAR</b>               | <b>3,342,712,244</b>     | <b>69,153,382</b>         | <b>49,975,770</b>                  | <b>1,039,841</b>                      | <b>3,460,801,555</b>         | <b>1,443,015,995</b>                | <b>230,608,859</b>                                       | <b>879,829</b>                         |   | <b>1,672,745,025</b>             | <b>1,788,056,530</b>          |
| (III) CAPITAL WORK IN PROGRESS     |                          |                           |                                    |                                       |                              |                                     |  |  |   |                                  |                               |
| I BUILDING                         | -                        | -                         | -                                  | -                                     | -                            | -                                   | -  | -                                      | -   | -                                | -                             |
| J PLANT & MACHINERY                | 1,554,043                | 8,038,424                 | -                                  | 1,554,043                             | 8,038,424                    | -                                   | -  | -                                      | -   | -                                | 8,038,424                     |
| <b>TOTAL-III (I+J)</b>             | <b>1,554,043</b>         | <b>8,038,424</b>          | <b>-</b>                           | <b>1,554,043</b>                      | <b>8,038,424</b>             | <b>-</b>                            | <b>-</b>   | <b>-</b>                               | <b>-</b>  | <b>-</b>                         | <b>8,038,424</b>              |

\* Notes: During the Financial Year 2007-08 the company had revalued its land situated at Revenue Estate of Sishi Village, Tehsil & Distt. Gurgaon (Haryana) at Rs.32,74,71,300/- admeasuring 41,684.50 Sq yards pursuant to the state Government notification permitting its commercial use. The Valuation had been done by the Govt. approved valuer. The Original cost of this land was Rs.1,01,69,653/-. The increase of Rs.31,73,01,647/- had been credited to Revaluation reserve and debited to Land Account.

Further, during the Financial Year 2010-11 a part of above land was acquired by the Government of Haryana and amount of Rs.35,20,396/- was received as compensation against 2057 Sq yards land. Revaluation reserve amounting to Rs.1,56,57,846/- pertaining to the acquired part of land had been reversed during the Financial Year 2010-11.

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of its assets to align the useful life with those specified in Schedule II. Further, assets individually costing Rs.5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets. Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 111,097,213/- (net of deferred tax of Rs. 73,335,270/-) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.



|  | As at<br>31.03.2016<br>(Rs) |                    | As at<br>31.03.2015<br>(Rs) |                    |
|--|-----------------------------|--------------------|-----------------------------|--------------------|
| <b>NOTE '12' - NON CURRENT INVESTMENTS</b>   |                             |                    |                             |                    |
| Investment in equity instruments   |                             |                    |                             |                    |
| (a) Trade investment (Unquoted, at cost)   |                             |                    |                             |                    |
| Investment in Neo- Tech Auto System, Inc., USA<br>(Application money paid on 10,00,000 stock at par value of \$ 0.01)                            |                             | 642,925            |                             | -                  |
| (b) Other investment (Quoted, at cost)   |                             |                    |                             |                    |
| 750 Equity shares of Rs. 10/- Each fully Paid Up<br>of State Bank of Bikaner & Jaipur market value Rs 375,375/-,<br>(Previous year Rs.440,250/-) |                             | 40,500             |                             | 40,500             |
| Aggregate amount of quoted investments and market value thereof -<br>Rs.40,500 (Market value- Rs.375,375)  |                             |                    |                             |                    |
| Aggregate amount of unquoted investments - Rs. 642,925   |                             |                    |                             |                    |
| Aggregate provision made for diminution in value of investment - Rs. Nil   |                             |                    |                             |                    |
| <b>Total</b>   |                             | <b>683,425</b>     |                             | <b>40,500</b>      |
| <b>NOTE '13' - LONG TERM LOANS AND ADVANCES</b>  |                             |                    |                             |                    |
| <u>(Unsecured, considered good)</u>  |                             |                    |                             |                    |
| (a) Capital advances (Refer Note.'35A')  |                             | 12,601,400         |                             | 21,550,195         |
| (b) Security deposits  |                             | 16,365,465         |                             | 15,059,065         |
| (c) Other loan and advances  |                             |                    |                             |                    |
| (i) Employee advance   | 1,597,188                   |                    | 2,476,155                   |                    |
| (ii) Others (Prepaid expenses)   | 718,379                     | 2,315,567          | 900,135                     | 3,376,290          |
| <b>Total</b>   |                             | <b>31,282,432</b>  |                             | <b>39,985,550</b>  |
| <b>NOTE '14' - OTHER NON CURRENT ASSETS</b>  |                             |                    |                             |                    |
| Balance held as margin money (Against letter of credit & bank guarantees)  |                             | 5,635,000          |                             | 5,500,000          |
| Note: Margin money deposits having original maturity of more than 12 months.   |                             | <b>5,635,000</b>   |                             | <b>5,500,000</b>   |
| <b>NOTE '15' - INVENTORY</b>   |                             |                    |                             |                    |
| (As valued and certified by the management)  |                             |                    |                             |                    |
| (a) Raw material   |                             | 36,453,602         |                             | 36,960,966         |
| (b) Work-in-progress   |                             | 117,001,031        |                             | 114,701,557        |
| (c) Finished goods (Goods-in-Transit)  |                             | 39,622,033         |                             | 21,768,011         |
| (d) Stores and spares  |                             | 128,198,264        |                             | 108,667,641        |
| <b>Total</b>   |                             | <b>321,274,930</b> |                             | <b>282,098,175</b> |
| *At lower of cost or net realisable value (Refer Note.'1.3')   |                             |                    |                             |                    |
| <b>NOTE '16' - TRADE RECEIVABLES</b>   |                             |                    |                             |                    |
| (a) <u>Unsecured, considered good</u>  |                             |                    |                             |                    |
| Outstanding for more than six months from due date   | 12,409,231                  |                    | 19,872,043                  |                    |
| Others***  | 652,230,753                 | 664,639,984        | 620,914,110                 | 640,786,153        |
| (b) <u>Doubtful</u>  |                             |                    |                             |                    |
| Trade receivables  | 15,119,506                  |                    | 4,968,757                   |                    |
| Less: Provision for doubtful debts (Refer Note.'36')   | 15,119,506                  | -                  | 4,968,757                   | -                  |
| ***for related party balances (Refer Note.'31')  |                             |                    |                             |                    |
| <b>Total</b>   |                             | <b>664,639,984</b> |                             | <b>640,786,153</b> |



|  | As at<br>31.03.2016<br>(Rs) |   | As at<br>31.03.2015<br>(Rs) |   |
|--|-----------------------------|---|-----------------------------|---|
| <b>NOTE '17' - CASH AND BANK BALANCES</b>                              |                             |   |                             |   |
| (a) Cash & cash equivalents (as per AS- 3 Cash Flow Statements)        |                             |   |                             |   |
| (i) Cash on hand (including imprest)                                   |                             | 1,138,513   |                             | 891,392   |
| (ii) Balances with banks   |                             |   |                             |   |
| In current A/C   | 10,950,163                  |   | 8,330,022                   |   |
| In EEFC accounts   | 79,119,826                  |   | 6,316,093                   |   |
| In Fixed deposits (with original maturity of 3 month or less)          | 50,000,000                  | 140,069,989                                       | 2,500,000                   | 17,146,115  |
| (b) Other bank balances  |                             |   |                             |   |
| In unpaid dividend accounts with banks                                 | 1,200,587                   |   | 1,204,328                   |   |
| In Margin money (Against letter of credit & bank guarantees)           | 12,768,530                  | 13,969,117  | 2,012,974                   | 3,217,302   |
| <b>Total</b>   |                             | <b>155,177,619</b>                                |                             | <b>21,254,809</b>                                 |
| <b>NOTE '18' - SHORT TERM LOANS AND ADVANCES</b>                       |                             |   |                             |   |
| (a) Unsecured, considered good   |                             |   |                             |   |
| (i) Security deposits  |                             | 3,788,900   |                             | 3,913,900   |
| (ii) Loan and advances to employees                                    |                             | 4,525,663   |                             | 2,755,501   |
| (iii) Prepaid expenses   |                             | 12,712,220  |                             | 11,174,188  |
| (iv) Balances with government authorities (vat, excise & others)       |                             | 73,705,307  |                             | 103,235,201                                       |
| (v) Advance tax/Tax deducted at source (net of provisions)             |                             | 17,471,753  |                             | 15,046,102  |
| (vi) Others  |                             |   |                             |   |
| Amount recoverable in cash or in kind                                  | 50,525,153                  |   | 54,505,190                  |   |
| Advance to supplier  | 33,430,985                  | 83,956,138  | 14,093,852                  | 68,599,042  |
| (b) Doubtful   |                             |   |                             |   |
| Advance to supplier  | -                           |   | 4,805,085                   |   |
| Less: Provision for doubtful debts                                     | -                           | -   | 4,805,085                   | -   |
| ***for related party balances (Refer Note.'31')                        |                             |   |                             |   |
| <b>Total</b>   |                             | <b>196,159,981</b>                                |                             | <b>204,723,934</b>                                |
| <b>NOTE '19' - OTHER CURRENT ASSETS</b>                                |                             |   |                             |   |
| (a) Interest accrued on deposits and others                            |                             | 3,251,565   |                             | 2,645,711   |
| (b) Export Incentive Receivable  |                             | 12,180,315  |                             | 5,962,936   |
| <b>Total</b>   |                             | <b>15,431,880</b>                                 |                             | <b>8,608,647</b>                                  |
|  |                             | <b>For the year ended<br/>31.03.2016<br/>(Rs)</b> |                             | <b>For the year ended<br/>31.03.2015<br/>(Rs)</b> |
| <b>NOTE '20' - REVENUE FROM OPERATIONS</b>                             |                             |   |                             |   |
| (a) Sale of products   |                             |   |                             |   |
| (i) Sale of manufactured goods   |                             |   |                             |   |
| Transmission gears and shafts - domestic                               | 3,793,098,937               |   | 3,659,684,067               |   |
| Transmission gears and shafts - export                                 | 594,537,331                 |   | 392,085,482                 |   |
| Software -export   | 6,075,700                   | 4,393,711,968                                     | 6,910,170                   | 4,058,679,719                                     |
| (ii) Sale of traded goods  |                             |   |                             |   |
| Transmission gears and shafts - export                                 |                             | 426,472,688                                       |                             | 523,727,744                                       |
| (iii) Sale services  |                             |   |                             |   |
| Software -services   | 5,754,942                   |   | 8,350,265                   |   |
| {Tax deduction at source Rs. 366,439/- (Previous year Rs.810,199/-)}   |                             |   |                             |   |
| Sales Jobwork  | 37,750,289                  | 43,505,231  | 56,980,432                  | 65,330,697  |
| {Tax deduction at source Rs. 775,794/- (Previous year Rs.1,133,476/-)} |                             |   |                             |   |
| (b) Other operating revenue  |                             |   |                             |   |
| Export incentives  | 25,279,718                  |   | 10,158,701                  |   |
| Sales scrap  | 65,539,384                  | 90,819,102  | 75,916,371                  | 86,075,072  |
| Less: Excise duty  |                             | 454,780,066                                       |                             | 414,529,406                                       |
| <b>Total</b>   |                             | <b>4,499,728,923</b>                              |                             | <b>4,319,283,826</b>                              |



|   | For the year ended<br>31.03.2016<br>(Rs) |                      | For the year ended<br>31.03.2015<br>(Rs) |                      |
|---|--|----------------------|--|----------------------|
| <b>NOTE '21' - OTHER INCOME</b>   |  |                      |  |                      |
| Interest income on deposits with banks and others<br>{Tax deduction at source Rs. 335,713/- (Previous year Rs.274,186/-)} |  | 3,385,390            |  | 3,264,349            |
| Dividend income from non-current investment   |  | 10,725               |  | 10,725               |
| Previous year expenses written back   |  | 899,222              |  | 12,046,980           |
| Balance written off   |  | 926,747              |  | 80,928               |
| Other non-operating income  |  |                      |  |                      |
| Profit on exchange fluctuation other than finance cost (Net)  | 4,374,203                                |                      | -  | -                    |
| Cash discount   | 9,822,321                                |                      | 8,165,154                                |                      |
| Profit on sales of assets (Net)   | 2,589,565                                |                      | -  |                      |
| Miscellaneous receipts  | 754,533                                  | 17,540,622           | 3,077,905                                | 11,243,059           |
| <b>Total</b>  |  | <b>22,762,706</b>    |  | <b>26,646,041</b>    |
| <b>NOTE '22' - COST OF MATERIAL CONSUMED</b>  |  |                      |  |                      |
| Opening stock of raw material (Steel rod & forgings)  |  | 36,960,966           |  | 27,212,488           |
| Add: Purchase during the year (Steel rod & forgings)  |  | 2,152,214,885        |  | 2,097,086,531        |
|   |  | 2,189,175,851        |  | 2,124,299,019        |
| Less: Closing stock of raw material (Steel rod & forgings)  |  | 36,453,602           |  | 36,960,966           |
| Raw material consumed (Steel rod & forgings)  |  | 2,152,722,249        |  | 2,087,338,053        |
| <b>Total</b>  |  | <b>2,152,722,249</b> |  | <b>2,087,338,053</b> |
| <b>NOTE '23' - PURCHASE OF TRADED GOODS</b>   |  |                      |  |                      |
| Opening stock of purchase of traded goods (Transmission gears & shafts)   |  | -                    |  | -                    |
| Add: Purchase during the year (Transmission gears & shafts)   |  | 340,626,185          |  | 441,602,410          |
| Less: Closing stock of purchase of traded goods (Transmission gears & shafts)   |  | -                    |  | -                    |
| Purchase of traded goods (Transmission gears & shafts)  |  | 340,626,185          |  | 441,602,410          |
| <b>Total</b>  |  | <b>340,626,185</b>   |  | <b>441,602,410</b>   |
| <b>NOTE '24' - CHANGE IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS</b>   |  |                      |  |                      |
| <b>Inventories at the end of the year:</b>  |  |                      |  |                      |
| Finished goods (Transmission gears & shafts)  |  | 39,622,033           |  | 21,768,011           |
| Work-in-progress (Transmission gears & shafts)  |  | 117,001,031          |  | 114,701,557          |
| <b>Inventories at the beginning of the year:</b>  |  |                      |  |                      |
| Finished goods (Transmission gears & shafts)  |  | 21,768,011           |  | 19,824,356           |
| Work-in-progress (Transmission gears & shafts)  |  | 114,701,557          |  | 103,361,980          |
| <b>Net (increase) / decrease</b>  |  | (20,153,496)         |  | (13,283,232)         |
| <b>Total</b>  |  | <b>(20,153,496)</b>  |  | <b>(13,283,232)</b>  |
| <b>NOTE '25' - EMPLOYEE BENEFIT EXPENSES</b>  |  |                      |  |                      |
| Salary, wages & perquisites   |  | 621,215,740          |  | 546,918,359          |
| Contribution to PF, ESI & other funds   |  | 31,122,106           |  | 29,365,676           |
| Labour and staff welfare  |  | 34,137,028           |  | 32,266,107           |
| <b>Total</b>  |  | <b>686,474,874</b>   |  | <b>608,550,142</b>   |
| <b>NOTE '26' - FINANCE COST</b>   |  |                      |  |                      |
| Interest to banks   |  | 13,151,611           |  | 18,067,059           |
| Interest to others  |  | 497,474              |  | 455,900              |
| Bill discounting charges  |  | 15,382,877           |  | 17,159,971           |
| Loss/(profit) on exchange rate fluctuation  |  | (6,605,677)          |  | (2,587,904)          |
| Bank commission & charges   |  | 2,500,601            |  | 3,767,808            |
| <b>Total</b>  |  | <b>24,926,886</b>    |  | <b>36,862,834</b>    |

|  | For the year ended<br>31.03.2016<br>(Rs) |                    | For the year ended<br>31.03.2015<br>(Rs) |                    |
|--|--|--------------------|--|--------------------|
| <b>NOTE '27' - OTHER EXPENSES</b>                    |  |                    |  |                    |
| Stores and spares consumed                           |  | 279,851,003        |  | 239,111,571        |
| Power and fuel                                       |  | 210,762,801        |  | 181,777,775        |
| Rent   |  | 19,385,630         |  | 19,316,472         |
| Repairs to building                                  |  | 1,767,631          |  | 1,549,008          |
| Machinery repairs                                    |  | 35,104,312         |  | 42,608,062         |
| Insurance  |  | 13,055,577         |  | 14,551,396         |
| Fees rates & taxes                                   |  | 3,786,487          |  | 3,853,871          |
| Charity & donation                                   |  | 71,000             |  | 61,575             |
| Payment to auditors:                                 |  |                    |  |                    |
| Audit fees   | 900,000                                  |                    | 900,000                                  |                    |
| Reimbursement of expenses                            | 394,368                                  |                    | 391,720                                  |                    |
| Other services                                       | 255,281                                  | 1,549,649          | 228,750                                  | 1,520,470          |
| Directors sitting fees                               |  | 530,600            |  | 500,000            |
| Bad Debts  |  | 8,630              |  | -                  |
| Loss on exchange fluctuation other than finance cost |  | -                  |  | 4,220,695          |
| Loss on sale of assets (Net)                         |  | -                  |  | 796,429            |
| Corporate social responsibility expenses             |  | 2,629,527          |  | 7,415,367          |
| Provision for doubtful debts                         |  | 13,097,508         |  | 590,804            |
| Increase/decrease on excise duty                     |  | 668,891            |  | 958,170            |
| Prior period expenses (Refer Note. '47')             |  | 92,246             |  | 73,644             |
| Miscellaneous expenses                               |  | 185,574,773        |  | 151,912,626        |
| <b>Total</b>   |  | <b>767,936,265</b> |  | <b>670,817,935</b> |

**NOTE '28' – FOREIGN EXCHANGE FLUCTUATION**

(a) The Profit & Loss account of the Company includes a profit of Rs.10,979,880/- (Net) (Previous year loss of Rs.1,632,791/- (Net) on account of Foreign Exchange Fluctuation, details of the same are stated as below:

Amount (Rs.)

| Particulars  | Current Year      | Previous Year      |
|--|-------------------|--------------------|
| <b>(a) Foreign Exchange fluctuation part of finance cost:</b>            |                   |                    |
| Profit/(Loss) Recognized on Foreign Currency Loans (Net)                 | (102,365)         | (4,122,600)        |
| Profit/(Loss) on Others (Net)  | 6,708,042         | 6,710,504          |
| Sub Total (a)  | 6,605,677         | 2,587,904          |
| <b>(b) Foreign Exchange fluctuation part of other than finance cost:</b> |                   |                    |
| Profit/(Loss) Earned on Imports (Net)                                    | (258,206)         | (3,311,473)        |
| Profit/(Loss) Recognized on Exports (Net)                                | 4,708,686         | (835,649)          |
| Profit/(Loss) on Other Expenses (Net)                                    | (76,277)          | (73,573)           |
| Sub Total (b)  | 4,374,203         | (4,220,695)        |
| <b>Total Amount (Net) (a) + (b)</b>                                      | <b>10,979,880</b> | <b>(1,632,791)</b> |

Company opted for the option to follow principles of notification of the Companies (Accounting Standards) Amendment Rules 2009 issued on 31<sup>st</sup> March 2009. Thereby exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/ deducted from the cost of the asset under the head "Addition / Deletion" of Note 11 and depreciated over the balance life of the asset.

Accordingly, Rs.6,771,412/- (Previous Year Rs.4,531,803/-) on account of foreign exchange fluctuation, have been included to the cost of fixed assets and profit for the year is higher by Rs.6,771,412/- (Previous Year profit for the year was higher by Rs.4,531,803/-)

**NOTE '29' – DISCLOSURE PURSUANT TO ACCOUNTING STANDARD-15 ON "EMPLOYEE BENEFITS"**

The following tables set out the funded and unfunded status of the gratuity plan and leave encashment amounts recognized in the Company's financial statements as at 31<sup>st</sup> March, 2016:



Actuarial valuation of leave encashment and gratuity has been done with the following assumptions:

| Particulars  | Leave Encashment |               | Gratuity     |               |
|--|------------------|---------------|--------------|---------------|
|  | Current Year     | Previous Year | Current Year | Previous Year |
| Discount Rate  | 8.00%            | 8.00%         | 8.00%        | 8.00%         |
| Rate of Increase in Compensation Levels                      | 9.50%            | 9.50%         | 9.50%        | 9.50%         |
| Expected Rate of Return Of Plan Assets                       | -                | -             | 8.35%        | 9.00%         |
| Expected Average Remaining Working Life of Employees (Years) | 19.48            | 20.17         | 19.48        | 20.17         |

Change in present value of obligation:-

Amount in Rs.

| Particulars                                | Leave Encashment |               | Gratuity     |               |
|--|------------------|---------------|--------------|---------------|
|  | Current Year     | Previous Year | Current Year | Previous Year |
| Present value of obligation as at 01.04.15 | 26,543,740       | 27,978,064    | 105,461,758  | 96,588,341    |
| Interest Cost                              | 2,123,499        | 2,238,245     | 8,436,941    | 7,727,067     |
| Past Service Cost                          | -                | -             | -            | -             |
| Current Service Cost                       | 6,726,131        | 5,540,595     | 9,730,574    | 9,356,796     |
| Benefits Paid                              | (7,385,809)      | (4,530,132)   | (3,904,185)  | (7,308,464)   |
| Actuarial (gain)/loss on obligations       | 7,832,334        | (4,683,032)   | (7,907,824)  | (901,982)     |
| Present value of obligation as at 31.03.16 | 35,839,895       | 26,543,740    | 111,817,264  | 105,461,758   |

Change in the fair value of Plan Assets:-

Amount in Rs.

| Particulars                              | Leave Encashment |               | Gratuity            |                      |
|--|------------------|---------------|---------------------|----------------------|
|  | Current Year     | Previous Year | Current Year Funded | Previous Year Funded |
| Fair value of Plan Assets as at 01.04.15 | -                | -             | 102,424,607         | 92,300,002           |
| Expected Return on Plan Assets           | -                | -             | 9,218,215           | 8,307,000            |
| Employer Contributions                   | -                | -             | 2,694,611           | 4,350,082            |
| Fund Charge                              | -                | -             | (149,031)           | (11,038)             |
| Benefits Paid                            | -                | -             | (3,904,185)         | (7,308,464)          |
| Actuarial gain/(loss) on plan assets     | -                | -             | 824,717             | 4,787,025            |
| Fair value of Plan Assets as at 31.03.16 | -                | -             | 109,459,500         | 102,424,607          |

Reconciliation of present value of defined benefit obligation and the fair value of assets:-

Amount in Rs.

| Particulars   | Leave Encashment |               | Gratuity     |               |
|---|------------------|---------------|--------------|---------------|
|   | Current Year     | Previous Year | Current Year | Previous Year |
| Present value of funded obligation as at 31.03.16   | -                | -             | 111,817,264  | 105,461,758   |
| Fair value of Plan Assets as at 31.03.16            | -                | -             | 109,459,500  | 102,424,607   |
| Present value of unfunded obligation as at 31.03.16 | 35,839,895       | 26,543,740    | -            | -             |
| Net Liability recognized in Balance Sheet           | (35,839,895)     | (26,543,740)  | (2,357,764)  | (3,037,151)   |

**Expenses recognized in the statement of profit and loss:**

Amount in Rs.

| Particulars  | Leave Encashment |               | Gratuity     |               |
|--|------------------|---------------|--------------|---------------|
|  | Current Year     | Previous Year | Current Year | Previous Year |
| Current Service Cost                                     | 6,726,131        | 5,540,595     | 9,730,574    | 9,356,796     |
| Past Service Cost  | -                | -             | -            | -             |
| Interest Cost  | 2,123,499        | 2,238,245     | 8,436,941    | 7,727,067     |
| Expected Return on Plan Assets                           | -                | -             | (9,218,215)  | (8,307,000)   |
| Net Actuarial (Gain)/Loss recognized in the period       | 7,832,334        | (4,683,032)   | (7,083,107)  | (5,689,007)   |
| Total Expenses recognized in the Profit and Loss Account | 16,681,964       | 3,095,808     | 1,866,193    | 3,087,856     |

**Experience Adjustments:**

Amount in Rs.

| Particulars  | 2016        | 2015        | 2014        | 2013         | 2012         |
|--|-------------|-------------|-------------|--------------|--------------|
| <b>Gratuity</b>  |             |             |             |              |              |
| Present value of defined benefit plan                              | 111,817,264 | 105,461,758 | 96,588,341  | 92,343,835   | 83,227,194   |
| Fair value of plan assets  | 109,459,500 | 102,424,607 | 92,300,002  | 76,426,345   | 56,461,496   |
| Surplus/(Deficit)  | (2,357,764) | (3,037,151) | (4,288,339) | (15,917,490) | (26,765,698) |
| <b>Experience on Actuarial Gain/(Loss) for PBO and Plan Assets</b> |             |             |             |              |              |
| On Plan PBO  | 7,907,824   | 901,982     | 5,748,341   | (14,142,977) | 10,294,189   |
| On Plan Assets   | (824,717)   | 5,017,775   | (500,854)   | 5,066,327    | (3,185,349)  |

The estimates of future salary increases, considered in the actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**NOTE '30' – SEGMENT INFORMATION (AS-17)**

The Company is primarily engaged in the business of Gears and transmission components. Inherent nature of both the activities is governed by the same set of risk and returns; these have been grouped as a single segment in the above disclosures. Hi-Tech (E-Soft) is a division of the Company engaged in the business of engineering software solutions. But, its total revenue does not exceed 10% of total revenue. Hence, Hi-Tech (E-Soft) cannot be a primary segment for disclosure under AS-17 and therefore, Geographical segment can be considered as the primary segment. Geographical revenues are allocated based on the location of the customers. Geographic segments of the Company are America, India and Others.

Since all the manufacturing activity is done at India, therefore segregation of expenses/result/assets/liabilities to each of the geographic location is not practicable. The geographic segments individually contributing 10 percent or more of the Company's revenues are given below:

Amount in Rs.

| Geographic Segment | Revenues             | Revenues             |
|--------------------|----------------------|----------------------|
|                    | Current Year         | Previous Year        |
| America            | 660,774,387          | 691,579,661          |
| India              | 3,494,373,412        | 3,387,599,127        |
| Others             | 344,581,124          | 240,105,038          |
| <b>Total</b>       | <b>4,499,728,923</b> | <b>4,319,283,826</b> |



**NOTE '31' – RELATED PARTY DISCLOSURES AS REQUIRED BY ACCOUNTING STANDARD -18**

- (a) Related parties where control exists –NIL  
 (b) Name of the related parties and their relationship

| Description of relationship  | Names of related parties  |
|--|---|
| (i) Individuals controlling voting power/exercising significant influence and their relatives: | Mr. Deep Kapuria<br>Mr. Pranav Kapuria<br>Mr. Anuj Kapuria  |
| (ii) Key management personnel and their relatives:   | Included in '(i)' above   |
| (iii) Enterprises over which anyone in (i) and (ii) exercises significant influence:           | M/s Aquarian Fibrecement Pvt. Ltd.<br>M/s. Vulcan Electro Controls Ltd.<br>The Hi-Tech Robotic Systemz Ltd.<br>The Hi-Tech Engineering System Pvt. Ltd. |
| Note: Related parties have been identified by the Management.                                  |   |

- (c) Details of related party transactions during the year ended 31 March, 2016 and balances outstanding as at 31 March, 2016:

Amount in Rs.

| Particular / Nature of Relationship         | Current year  |                          |                      | Previous Year   |                          |                      |
|---|---|--------------------------|----------------------|---|--------------------------|----------------------|
|   | Enterprises over which Individuals and Key Management Personnel and their relatives exercises significant influence | Key Management personnel | Total                | Enterprises over which Individuals and Key Management Personnel and their relatives exercises significant influence | Key Management personnel | Total                |
| Purchases of goods                          | 963,442,371   | -                        | 963,442,371          | 1,067,690,781   | -                        | 1,067,690,781        |
| Sale of Goods                               | 135,638,888   | -                        | 135,638,888          | 244,582,288   | -                        | 244,582,288          |
| Rendering of Job Work/Services              | 37,946,402  | -                        | 37,946,402           | 57,929,516  | -                        | 57,929,516           |
| Sale of Fixed Assets                        | 4,427,985   | -                        | 4,427,985            | -   | -                        | -                    |
| Receiving of Job Work/Services              | 229,200,193   | -                        | 229,200,193          | 211,943,402   | -                        | 211,943,402          |
| Leasing or hire purchase arrangements       | 20,500,800  | -                        | 20,500,800           | 20,224,800  | -                        | 20,224,800           |
| Remuneration                                |   | 31,000,953               | 31,000,953           | -   | 23,619,554               | 23,619,554           |
| Re-imbursement Paid                         | 3,261,291   | -                        | 3,261,291            | 1,271,925   | -                        | 1,271,925            |
| Re-imbursement Received                     | 2,404,464   | -                        | 2,404,464            | 2,400,000   | -                        | 2,400,000            |
|   | <b>1,396,822,394</b>  | <b>31,000,953</b>        | <b>1,427,823,347</b> | <b>1,606,042,712</b>  | <b>23,619,554</b>        | <b>1,629,662,266</b> |
| <b>Balance out-standing at the year end</b> |   |                          |                      |   |                          |                      |
| Trade Receivable                            | -   | -                        | -                    | -   | -                        | -                    |
| Trade payable                               | 153,504,458   | 14,556,191               | 168,060,649          | 147,872,160   | 8,525,551                | 156,397,711          |

**NOTE '32' – OPERATING LEASE**

The Company has leased facilities under operating leases. Rentals are expensed with reference to lease terms and other considerations. The future lease payments in respect of these leases are as at under:

Amount in Rs.

| Particulars                                       | Current Year | Previous Year |
|---|--------------|---------------|
| Not later than one year                           | 18,595,344   | 18,595,344    |
| Later than one year but not later than five years | 27,000,000   | 45,000,000    |
| Later than five years                             | NIL          | NIL           |

**NOTE '33' – EARNINGS PER SHARE (EPS)**

| Particulars  | Current Year | Previous Year |
|--|--------------|---------------|
| Face value of Share                                    | Rs. 10/-     | Rs. 10/-      |
| A) Weighted average no. of Equity Share (in Nos.)      |              |               |
| a) Basic / Diluted                                     | 18,768,000   | 18,768,000    |
| B) Net profit for the year after prior period expenses | 211,642,286  | 184,171,358   |
| EPS Basic / Diluted (B/A)                              | 11.28        | 9.81          |

**NOTE '34' – DEFERRED TAX (LIABILITY) / ASSET**

The components of Deferred Tax Liability/Asset are as under:

Amount in Rs.

| Deferred tax (liability) / asset                                      | Current Year        | Previous Year       |
|---|---------------------|---------------------|
| <b>Tax effect of items constituting deferred tax liability</b>        |                     |                     |
| On difference between book balance and tax balance of fixed assets    | (58,443,758)        | (65,055,656)        |
| <b>Tax effect of items constituting deferred tax liability</b>        | <b>(58,443,758)</b> | <b>(65,055,656)</b> |
| <b>Tax effect of items constituting deferred tax assets</b>           |                     |                     |
| Increase/Decrease in Liability due to Foreign Exchange Fluctuation    | (5,161,072)         | 8,318,158           |
| Provision for doubtful debts / advances                               | 5,232,559           | 3,322,129           |
| Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961 | 22,477,608          | 12,980,968          |
| Provision for rate difference   | 8,558,890           | -                   |
| <b>Tax effect of items constituting deferred tax assets</b>           | <b>31,107,985</b>   | <b>24,621,256</b>   |
| <b>Net deferred tax (liability) / asset</b>                           | <b>(27,335,773)</b> | <b>(40,434,400)</b> |

**NOTE '35' – CONTINGENT LIABILITIES & COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)**

## A. Commitments (Net of Advance):

Estimated amount of contracts remaining to be executed on capital accounts **Rs.24,166,275/-** after adjusting advances (Previous year **Rs.62,206,931/-**)

## B. Contingent Liabilities:

(1) Details of Bank Guarantees are as under:-

Amount in Rs.

| S. No. | Name of the Beneficiary   | Current Year      | Previous Year    |
|--------|---|-------------------|------------------|
| 1      | Assistant Commissioner Customs Export                                       | 5,500,000         | 5,500,000        |
| 2      | Deputy Commissioner Customs Export, Tuglakabad, Delhi                       | 154,224           | 154,224          |
| 3      | Haryana State Pollution   | -                 | 750,000          |
| 4      | Deputy Commissioner of Customs  | 1,178,750         | 1,178,750        |
| 5      | Haryana State Pollution   | -                 | 1,388,016        |
| 6      | The Commercial Taxes Officer, Bhiwadi, Rajasthan                            | 599,793           | -                |
| 7      | The President of India (Through Assistant & Deputy Commissioner of Customs) | 63,000            | -                |
| 8      | Commissioner of Custom  | 25,000            | -                |
| 9      | The President of India (Through Assistant & Deputy Commissioner of Customs) | 95,500            | -                |
| 10     | The Commercial Taxes Officer, Bhiwadi, Rajasthan                            | 3,997,603         | -                |
| 11     | Deputy Commissioner Customs Export  | 130,000           | 130,000          |
| 12     | The President of India (Through Assistant & Deputy Commissioner of Customs) | 475,000           | 475,000          |
|        | <b>Total</b>  | <b>12,218,870</b> | <b>9,575,990</b> |



- (2) Contingent liabilities on account of disputed statutory demands not provided for in the books of account are in appeals, as follows:-

| S.No. | Particulars              | Period to which the amount relates | Amount (Rs.)                     | Forum Where Dispute is Pending  |
|-------|--------------------------|------------------------------------|----------------------------------|---|
| 1     | Central Excise Act, 1944 | Feb'09 to Dec'09                   | 85,598<br>(85,598)               | Pending with Tribunal, RK Puram, Delhi<br>[In Previous Year, the matter was pending before Commissioner (Appeals), CE]  |
| 2     | Central Excise Act, 1944 | Nov'10 to Aug'11                   | NIL<br>(164,915)                 | Disposed by Tribunal, RK Puram, Delhi   |
| 3     | Central Excise Act, 1944 | Sep'11 to Jun'12                   | 217,316<br>(217,316)             | Commissioner (Appeals),<br>Central Excise, Jaipur   |
| 4     | Central Excise Act, 1944 | Nov'06 to July'11                  | NIL<br>(1,148,612)               | Disposed by Tribunal, RK Puram, Delhi   |
| 5     | Central Excise Act, 1944 | Aug'11 to Jul'12                   | NIL<br>(325,712)                 | Disposed by Tribunal, RK Puram, Delhi   |
| 6     | Central Excise Act, 1944 | Aug'11 to Jul'12                   | NIL<br>(33,475)                  | Disposed by Tribunal, RK Puram, Delhi   |
| 7     | Central Excise Act, 1944 | Aug'12 to Jul'13                   | NIL<br>(25,545)                  | Disposed by Tribunal, RK Puram, Delhi   |
| 8     | Central Excise Act, 1944 | Aug'12 to Jul'14                   | 915,720<br>(NIL)                 | Commissioner (Appeal), Central Excise, Gurgaon, Haryana (In Previous Year, there were two show cause notices of Rs. 1,812,065 and Rs. 2,482,456 appearing in the show cause notice section, which have resulted into present case.) |
| 9     | Central Excise Act, 1944 | Aug'13 to Jul'14                   | 57,400<br>(NIL)                  | Commissioner (Appeal), Central Excise, Delhi (In Previous Year, this was appearing in show cause notice section)  |
| 10    | Income Tax Act, 1961     | A.Y. 2008-09                       | 256,368<br>(256,368)             | Income Tax Appellate Tribunal<br>[In Previous Year, the matter was pending before Commissioner of Income Tax (Appeals)]   |
| 11    | Income Tax Act, 1961     | A.Y. 2012-13                       | 352,960<br>(352,960)             | Commissioner of Income Tax (Appeals)  |
| 12    | Income Tax Act, 1961     | A.Y. 2010-11                       | 2,540,000<br>(3,312,315)         | Income Tax Appellate Tribunal<br>[In Previous Year, the matter was pending with Commissioner of Income Tax (Appeals), Delhi]  |
| 13    | Income Tax Act, 1961     | A.Y. 2013-14                       | 869,191<br>(NIL)                 | Commissioner of Income Tax (Appeals)  |
|       |                          | <b>Total</b>                       | <b>5,294,553<br/>(5,922,816)</b> |   |

Note:- Figures in brackets relates to the previous year

- (3) Statutory demands for which showcause notice issued to the company:

| S.No. | Particulars              | Period to which the amount relates | Amount (Rs.)       | Forum Where Dispute is Pending                            |
|-------|--------------------------|------------------------------------|--------------------|---|
| 1     | Central Excise Act, 1944 | Aug'12 to Jul'13                   | NIL<br>(2,482,456) | Additional Commissioner, Central Excise, Gurgaon, Haryana |
| 2     | Central Excise Act, 1944 | Apr'05 to Mar'08                   | NIL<br>(1,041,730) | Additional Commissioner, Central Excise, Gurgaon, Haryana |
| 3     | Central Excise Act, 1944 | Aug'14 to Jul'15                   | 2,023,430<br>(NIL) | Additional Commissioner, Central Excise, Gurgaon, Haryana |



| S. No. | Particulars              | Period to which the amount relates | Amount (Rs.)                           | Forum Where Dispute is Pending                            |
|--------|--------------------------|------------------------------------|--|---|
| 4      | Central Excise Act, 1944 | Apr'09 to Mar'11                   | NIL<br>(439,826)                       | Assistant Commissioner Central Excise, Bhiwadi, Rajasthan |
| 5      | Central Excise Act, 1944 | Aug'13 to Jul'14                   | NIL<br>(57,400)                        | Deputy Commissioner of Central Excise, Gurgaon, Haryana   |
| 6      | Central Excise Act, 1944 | Apr'11 to Mar'12                   | NIL<br>(52,055)                        | Assistant Commissioner, Bhiwadi, Rajasthan                |
| 7      | Central Excise Act, 1944 | Aug'12 to Jul'13                   | NIL<br>(1,812,065)                     | Additional Commissioner, Central Excise, Gurgaon, Haryana |
|        | <b>Total</b>             |                                    | <b>2,023,430</b><br><b>(5,885,532)</b> |   |

Note:- Figures in brackets relates to the previous year

- (4) There are five legal cases filed by past employees against the Company for re-instatement/settlement of their dues/remuneration related matters. Out of the aforesaid five cases, four cases are pending at various stages at Camp Court, Bhiwadi, Rajasthan and one case is pending at District Court, Gurgaon, Haryana. The financial impact of these cases, if any, is not identifiable and hence the same has not been provided in the financial statements of the Company.

#### NOTE '36' – PROVISIONS

|   | Short-Term                |                            |
|---|---------------------------|----------------------------|
|   | Current Year Amount (Rs.) | Previous Year Amount (Rs.) |
| <b>Provision for doubtful debts (of Debtors)</b>              |                           |                            |
| At the beginning of the year                                  | <b>4,968,757</b>          | <b>7,648,219</b>           |
| Additional provision during the year                          | 13,097,508                | 590,804                    |
| Amount utilised during the year                               | (2,946,759)               | (3,270,266)                |
| At the end of the year  | <b>15,119,506</b>         | <b>4,968,757</b>           |
| <b>Provision for doubtful debts (of Advance to Suppliers)</b> |                           |                            |
| At the beginning of the year                                  | <b>4,805,085</b>          | <b>4,805,085</b>           |
| Additional provision during the year                          | -                         | -                          |
| Amount utilised during the year (bad debts)                   | <b>4,805,085</b>          | -                          |
| At the end of the year  | -                         | <b>4,805,085</b>           |
| <b>Provision for Rate Difference</b>                          |                           |                            |
| At the beginning of the year                                  | -                         | -                          |
| Additional provision during the year                          | <b>24,730,959</b>         | -                          |
| Amount utilised during the year                               | -                         | -                          |
| At the end of the year  | <b>24,730,959</b>         | -                          |



### **NOTE '37' – FINANCIAL INSTRUMENTS: RECOGNITION & MEASUREMENT**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

| Particular                         | Current Year             |   | Previous Year            |   |
|------------------------------------|--------------------------|---|--------------------------|---|
|                                    | Receivable/<br>(Payable) | Receivable/(Payable)<br>in Foreign currency | Receivable/<br>(Payable) | Receivable/(Payable)<br>in Foreign currency |
|                                    | Rupees                   | (indicate amount<br>with currency)          | Rupees                   | (indicate amount<br>with currency)          |
| Export Receivables                 | 240,563,893              | USD 3,693,593.77                            | 259,122,929              | USD 4,214,629.97                            |
| Export Receivables                 | 30,320,222               | EUR 413,494.49                              | 6,015,953                | EUR 91,002.55                               |
| Export Receivables                 | 3,686,376                | GBP 39,553.39                               | 3,587,097                | GBP 39,553.39                               |
| Advance to supplier                | 1,876,369                | EUR 25,588.01                               | 1,705,535                | EUR 25,810.16                               |
| Advance to supplier                | 24,479                   | CHF 364.54                                  | 630,864                  | CHF 9,950.54                                |
| Advance to supplier                | 3,710,175                | USD 56,965.69                               | 990,831                  | USD 15,047.00                               |
| Advance to supplier                | -                        | -   | 7,206,300                | JPY 14,130,000.00                           |
| Advance from customer              | (22,155,290)             | (USD 330,330.85)                            | (10,952,368)             | (USD 172,465.16)                            |
| Payable for Imports & others       | (116,300,874)            | (USD 1,734,022.29)                          | (83,993,406)             | (USD 1,323,243.69)                          |
| Payable for Imports & others       | (4,832,704)              | (EUR 63,313.31)                             | (660,456)                | (EUR 9,582.94)                              |
| Payable for Imports & others       | (251,640)                | (CHF 3,600.00)                              | (619,318)                | (CHF 9,368.00)                              |
| Foreign Currency loans             | -                        | -   | (302,482,200)            | (USD 4,765,000.00)                          |
| Foreign Currency loans             | (44,271,400)             | (EUR 580,000.00)                            | (39,973,600)             | (EUR 580,000.00)                            |
| Interest on Foreign Currency Loans | -                        | -   | (1,241,962)              | (USD 19,109.00)                             |
| Interest on Foreign Currency Loans | (93,940)                 | (EUR 1,230.71)                              | (42,149)                 | (EUR 555.00)                                |

### **NOTE '38' – LEASEHOLD PROPERTY**

The company owns 9 flats on leasehold basis allotted by Ashiana Group in Bhiwadi. Flats are not registered in name of company in view of applicability of local laws.

### **NOTE '39' – BALANCE WITH MICRO, MEDIUM & SMALL ENTERPRISES**

Disclosure in pursuance of section 22 of Micro, Small & Medium Enterprises Development Act, 2006, at the year end is as follows (Refer 'Note 8'):

Amount in Rs.

| Particular  | Current Year                |                             | Previous Year               |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | Balance as<br>on 31.03.2016 | Interest on<br>Late Payment | Balance as<br>on 31.03.2015 | Interest on<br>Late Payment |
| Principal amount remaining unpaid to any supplier                               | 10,711,915                  | -                           | 7,611,791                   | 32,638                      |
| Interest due and remaining unpaid to any supplier                               | -                           | -                           | -                           | -                           |
| Amount of Interest paid under the Act   | -                           | -                           | -                           | -                           |
| Amount of Interest due and payable for the<br>period of delay in making payment | -                           | -                           | -                           | -                           |
| Amount of Interest accrued and remaining unpaid                                 | -                           | -                           | -                           | -                           |
| Amount of further interest due and payable in<br>succeeding year                | -                           | -                           | -                           | -                           |

The above information regarding Micro, Small and Medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

**NOTE '40' – CIF VALUE OF IMPORT**

Amount in Rs.

| Particulars                                     | Current Year | Previous Year |
|---|--------------|---------------|
| <b>Value of Imports Calculated On CIF Basis</b> |              |               |
| Consumable Stores & Spare Parts                 | 29,793,537   | 22,713,267    |
| Capital goods                                   | 27,102,352   | 78,919,435    |
| Raw Material                                    | 20,389,117   | 26,047,878    |

**NOTE '41' – EXPENDITURE IN FOREIGN CURRENCY**

Amount in Rs.

| Particulars               | Current Year      | Previous Year     |
|---------------------------|-------------------|-------------------|
| Foreign Travel Expenses   | 12,093,017        | 4,777,931         |
| Training & Seminar        | 1,338,180         | 521,379           |
| Technical Services        | 8,180,817         | 1,887,182         |
| ECB Interest              | 2,870,412         | 7,233,412         |
| Professional Services     | 4,366,572         | 2,828,239         |
| Interest on Buyers Credit | 524,780           | 721,959           |
| <b>Total</b>              | <b>29,373,778</b> | <b>17,970,102</b> |

**NOTE '42' – EARNINGS IN FOREIGN EXCHANGE**

Amount in Rs.

| Particulars             | Current Year  | Previous Year |
|-------------------------|---------------|---------------|
| Exports at F.O.B. Value | 1,078,446,910 | 931,684,699   |

**NOTE '43' – IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS, STORES & SPARES CONSUMED**

| Particulars                     | IMPORTED                   |                             | INDIGENOUS                 |                             |
|---------------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|
|                                 | Current Year<br>31.03.2016 | Previous Year<br>31.03.2015 | Current Year<br>31.03.2016 | Previous Year<br>31.03.2015 |
| Stores & Spares (Values In Rs.) | 29,793,537                 | 22,713,267                  | 250,057,466                | 216,398,304                 |
| Percentage                      | 10.65%                     | 9.50%                       | 89.35%                     | 90.50%                      |
| Raw Material (Value In Rs.)     | 20,389,117                 | 26,047,878                  | 2,089,321,243              | 2,174,428,924               |
| Percentage                      | 0.97%                      | 1.18%                       | 99.03%                     | 98.82%                      |

**NOTE '44' – DIVIDEND PAID TO FOREIGN INVESTORS**

The Company has not remitted any amount in foreign currencies on account of dividend during the year. The particulars of dividend payable to non-resident shareholders during the year are as under:

Amount in Rs.

| Amounts remitted in Indian currency during the year on account of dividend                         | Current Year  | Previous Year                                       |
|--|---|---|
| Amount of dividend remitted in Indian currency   | 268,711   | 266,884   |
| Total number of non-resident shareholders (to whom the dividends were remitted in Indian currency) | 108   | 87  |
| Total number of shares held by them on which dividend was due                                      | 179,141   | 209,804   |
| Year to which the dividend relates   | Final dividend 2014-15 and Interim dividend 2015-16 | Final dividend 2013-14 and Interim dividend 2014-15 |

**NOTE '45' – RESEARCH AND DEVELOPMENT EXPENDITURE**

Amount in Rs.

| Details of research and development expenditure recognized as an expense | Current Year      | Previous Year     |
|--|-------------------|-------------------|
| Employee Benefits Expenses   | 14,470,086        | 14,283,475        |
| Material Consumed  | 581,987           | 358,708           |
| Stores and Spares Consumed   | 1,017,665         | 820,665           |
| <b>Total</b>   | <b>16,069,738</b> | <b>15,462,848</b> |

(As Identified and certified by Management)

**NOTE '46' – CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE**

The Company was required to spend Rs. 47,86,711/- for the current financial year on CSR activities, i.e. 2% of its average net profits of the last three previous financial years, according to the provision of Section 135 of Companies Act, 2013 and rules made there under.

(a) Gross amount required to be spent during the Year Rs. 47,86,711/-

(b) Amount spent during the year as below:

Amount in Rs.

| Detail of amount spent on CSR Projects during the year          | In cash          | Yet to be paid | Total            |
|---|------------------|----------------|------------------|
| Education, Technical Education including Research & Development | 8,90,000         | -              | 8,90,000         |
| Health  | 5,70,865         | -              | 5,70,865         |
| Disaster Management   | 100,000          | -              | 100,000          |
| Integrity Community Development                                 | 10,68,662        | -              | 10,68,662        |
| <b>Total</b>  | <b>26,29,527</b> | <b>-</b>       | <b>26,29,527</b> |

**NOTE '47' – PRIOR PERIOD EXPENSES**

Other Expenses includes Prior Period Expenses of Rs. 92,246/- (Refer Note:-27), details of which are as under:-

Amount in Rs.

| Particulars                  | Current Year  | Previous Year |
|------------------------------|---------------|---------------|
| Repair & Maintenance – Other | 90,000        | 61,644        |
| Salary, Wages & Perquisites  | 2,246         | -             |
| Miscellaneous expenses       | -             | 12,000        |
| <b>Total</b>                 | <b>92,246</b> | <b>73,644</b> |

**NOTE '48'**

Enactment of the payment of Bonus (amendment) Act 2015 having come into force effective 1st day of April 2014, the company has made additional provision for Bonus as follows:

- (i) A sum of Rs 18,163,746/- pertaining to the period from 1st April, 2015 to 31st March, 2016 is included in Employee benefit expenses.
- (ii) (ii) A sum of Rs 6,655,287/- pertaining to the period from 1st April, 2014 to 31st March, 2015 is disclosed as an Exceptional item.

**NOTE '49'**

In the opinion of the Board of Directors, the Current Assets, Loans and Advances are having the value at which they are stated in the Balance Sheet, if realized in the ordinary course of business.

**NOTE '50'**

Claims received against shortage / damage of materials which are not of significant values are not being shown separately. The same are accounted for on receipt basis.

**NOTE '51'**

The figures have been rounded off to the nearest rupee.

**NOTE '52' – PREVIOUS YEAR FIGURES**

Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year classifications/ disclosures.

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AS PER OUR REPORT OF EVEN DATE

*for* Gupta Vigg & Co.

Chartered Accountants

Firm Registration No. 001393N

CA. Deepak Pokhriyal

Partner

Membership No. 524778

Place : New Delhi

Date : May 26, 2016

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
THE HI-TECH GEARS LIMITED

Deep Kapuria  
Executive Chairman

Sandeep Dinodia  
Director

S.K. Khatri  
Company Secretary

Pranav Kapuria  
Managing Director

Vijay Mathur  
Sr. GM-Finance

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.****I. Registration Details**

|                         |               |                  |
|-------------------------|---------------|------------------|
| Registration No. 004536 | State Code 17 | Refer code list) |
| Balance Sheet Date      | 31 3          | 2016             |
|                         | Date Month    | Year             |

**II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)**

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | Nil | Right Issue       | Nil |
| Bonus Issue  | Nil | Private Placement | Nil |
| Conversion   | Nil | Warrants          | Nil |

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNTS IN THOUSANDS)**

|                                |           |                             |           |
|--------------------------------|-----------|-----------------------------|-----------|
| Total Liabilities              | 3,159,239 | Total Assets                | 3,159,239 |
| <u>Sources of Funds</u>        |           |                             |           |
| Paid up Capital                | 187,680   | Reserves & Surplus          | 1,772,633 |
| Long term borrowings           | 2,809     | Long term provisions        | 31,869    |
| Deferred tax liabilities (net) | 27,336    | Other long term liabilities | -         |
| Short term borrowings          | 411,332   | Trade payables              | 385,887   |
| Other current liabilities      | 245,881   | Short term provisions       | 93,812    |
| <u>Application of Funds</u>    |           |                             |           |
| Net Fixed Assets               | 1,768,954 | Non current Investments     | 683       |
| Long term loans and advances   | 31,282    | Inventories                 | 321275    |
| Trade Receivables              | 664,640   | Cash and Bank Balances      | 155178    |
| Short term loans and advances  | 196,160   | Other non current assets    | 5635      |
| Other current assets           | 15,432    |                             |           |

**IV. PERFORMANCE OF COMPANY**

(Amount in Rs. Thousands)

|                          |           |                       |           |
|--------------------------|-----------|-----------------------|-----------|
| Turnover                 | 4,522,492 | Total expenditure     | 4,179,842 |
| Profit/Loss before Tax   | 335,994   | Profit/Loss after Tax | 211,642   |
| Earning per share in Rs. | 11.28     | Dividend rate         | 30%       |

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY**

(As per monetary terms)

|                           |   |
|---------------------------|---|
| Items Code No. (ITC Code) | 8483100000                                    |
| Product Description       | Gears and Transmission Shafts & Timing Gears. |
| Items Code No. (ITC Code) | - N.A.-                                       |
| Product Description       | - N.A.-                                       |
| Items Code No. (ITC Code) | - N.A.-                                       |
| Product Description       | - N.A.-                                       |

Note: For ITC Code of Products please refer to the publication Indian Trade Classification based on harmonized company description and coding system by Ministry of Commerce, Directorate General of Commercial intelligences Statistics, Calcutta-700001.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
THE HI-TECH GEARS LIMITED

Deep Kapuria  
Executive Chairman

Pranav Kapuria  
Managing Director

Sandeep Dinodia  
Director

Vijay Mathur  
Sr. GM-Finance

Place : New Delhi  
Date : May 26, 2016

S.K. Khatri  
Company Secretary

## NOTICE

**NOTICE** is hereby given that the 30th Annual General Meeting of the Members of The Hi-Tech Gears Limited (formerly known as Hi-Tech Gears Limited) will be held on Friday, 23rd September, 2016 at 11.00 A.M at the registered office of the Company at A-589, Industrial Complex, Bhiwadi- 301019, District Alwar, Rajasthan to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016, together with the reports of the Director's and Auditor's thereon.
2. To confirm the interim dividend & to declare the final dividend on equity shares.
3. To appoint a director in place of Mr. Anuj Kapuria (DIN 00006366), who retires by rotation and being eligible has offered himself for re-appointment.
4. To re-appoint M/s Gupta Vigg & Company, Chartered Accountants, as Statutory Auditor of the Company and in this connection, to pass the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** pursuant to the provisions of Section 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 & Rules made there under, M/s Gupta Vigg & Company, Chartered Accountants (Firm Registration No. 001393N), the retiring Auditors of the Company, be and are hereby re-appointed as the Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting ('AGM') until the conclusion of the next AGM of the Company, at remuneration as may be determined by the Board of Directors of the Company and reimbursement of all out of-pocket expenses in connection with the audit of the accounts of the Company for the Financial Year 2016 -17."

### SPECIAL BUSINESS:

5. **Re-appointment & Remuneration of Mr. Deep Kapuria (DIN-00006185), as Chairman & Whole Time Director of the Company, to be designated as Executive Chairman.**

To consider and pass the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to section 196, 197,198, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification or re-enactment thereof) and Article 122 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Deep Kapuria (DIN-00006185), as Chairman & Whole Time Director of the Company, to be designated as Executive Chairman of the Company, for a term of five years w.e.f. 1st January 2017 to 31st December, 2021

with payment of remuneration at the terms and conditions set out below:-

1. Salary: Rs. 6,00,000/- per month for the first 15 months i.e. from 01<sup>st</sup> January, 2017 to 31<sup>st</sup> March, 2018 and thereafter with an increase upto 10% p.a. for the remaining term of his appointment.
2. Commission: Upto 3.0% of the net profit of the Company computed in the manner specified in section 197 & other applicable provisions of the Companies Act, 2013, 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, Security, furnishing etc.: The expenditure on Gas, Electricity, water, Security 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 five month's salary over a period of five 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: Company should pay for the premium on account of Personal Accident Cover not exceeding Rs. 20,000/- per annum. This shall be in addition to any premium paid towards Directors and Officers Liability Insurance.
  - vii. Provident Fund: Company's contribution towards provident fund as per Company & Employees Provident Fund 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 month.
  - x. Use of Car: Free use of Company's Cars with driver for the business of the company.
  - xi. Telephone: Free use of telephone including mobiles, internet connections for him and at his residence. However, personal long distance calls shall be billed to him by the company.

**RESOLVED FURTHER THAT** the aggregate remuneration of Chairman & Whole Time Director shall not exceed 5% of the Net Profit in any financial Year, and total remuneration payable to all Executive Directors put



together shall not exceed 10% of the Net Profit in any 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 or the remuneration, as may be prescribed under Schedule V of the Companies Act, 2013".

**RESOLVED FURTHER THAT** pursuant to the provision of section 152 & all other applicable provisions of Companies Act, 2013 and the Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification or re-enactment thereof), Mr. Deep Kapuria, will not liable to retire by rotation.

**6. Continuation of Mr. Deep Kapuria as Executive Chairman after attaining the age of 70 years (i.e. post 5<sup>th</sup> August, 2019).**

To consider and pass the following Resolution as a Special Resolution:

**“RESOLVED THAT:**

1. WHEREAS Mr. Deep Kapuria is being re-appointed as Executive Chairman of the company for a term of five years with effect from 01<sup>st</sup> January, 2017 to 31<sup>st</sup> December, 2021,
2. WHEREAS, Mr. Deep Kapuria will attain the age of 70 years on 05<sup>th</sup> August, 2019 i.e. during the term of his proposed whole tenure.
3. WHEREAS, Mr. Deep Kapuria can't continue post 05<sup>th</sup> August, 2019 unless the approval of Shareholders by way of special resolution is obtained.
4. AND WHEREAS, Upon recommendation of Nomination & Remuneration Committee, The Board of Directors have considered and recommended the continuation of Mr. Deep Kapuria as Executive Chairman even after the age of 70 years which comes in the proposed tenure.

**NOW THEREFORE IT IS RESOLVED THAT** Pursuant to the provisions of Section 196 of the Companies Act, 2013, Rules made thereunder and other applicable provisions, if any, consent of the Company be and is hereby accorded to continue the employment of Mr. Deep Kapuria as Chairman & Whole Time Director, designated as Executive Chairman after attaining the age of 70 years, i.e., from 05<sup>th</sup> August, 2019 to 31<sup>st</sup> December, 2021."

**7. Regularisation of Mr. Bidadi Anjani Kumar (DIN-00022417) as Director of the Company**

To consider and pass the following resolution as an Ordinary Resolution.

**“RESOLVED THAT** pursuant to the provisions of Sections 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014

(including any statutory modification, amendment or re-enactment thereof for the time being in force and as may be enacted from time to time) and the provisions of Articles of Association of the Company, Mr. Bidadi Anjani Kumar (DIN-00022417), who was appointed as an Additional Director by the Board of Directors in their meeting held on November 03, 2015, to hold the office till the date of present meeting and who qualifies for being appointed as a Non-Executive Director and in respect of whom the Company has received a notice in writing together with a deposit under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as Non-Executive Director of the Company.

**RESOLVED FURTHER THAT** his appointment shall be subject to retire by rotation at the General Meeting.

**RESOLVED FURTHER THAT** necessary documentations including issuance of appointment letter detailing the terms & conditions, duties & responsibilities be issued under the authority of Board of Directors (including a duly constituted Committee)."

**8. Approval of Inter-corporate Investments as per Section 186 of the Companies Act, 2013**

To consider and pass the following Resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 186 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification, amendment or re-enactment thereof for the time being in force and as may be enacted from time to time) Company to make investment in other body corporate through ICDs/F.Ds/ purchase or subscribe of equities/preference shares/ Debentures or Bonds/Mutual Funds etc. in India or not, whether in the same management or not, in one or more tranches, notwithstanding that the aggregate of investment so far acquired or to acquire by way of subscription, purchase or otherwise, securities of any body corporate(s) upto an aggregate amount not exceeding Rs. 600 Cr (Rupees six hundred crores only) outstanding at any time under the said provision in the best interest of the company.

**RESOLVED FURTHER THAT** the Board or a duly constituted Committee thereof be and is hereby authorized to decide and finalize the terms and conditions of the above, limit upto which such investments may be given or made, as may be determined by the Board or the Committee thereof, within the aforesaid limits including with the power to transfer/ dispose of the investments so made, from time to time, and to execute all deeds, documents and other writings and to do all such acts, deeds, matters and things, as may be necessary and/or expedient for implementing and giving effect to this resolution."



**9. Approval of Borrowing Powers in terms of Section 180(1) (c) of the Companies Act, 2013.**

To consider and pass the following Resolution as a Special Resolution:

“**RESOLVED THAT**, in supersession of the earlier resolution passed, consent of the members of the Company be and is hereby accorded to the Board of Directors (including duly constituted Committee) under Sections 180(1)(c), 180(2) and all other applicable provisions if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and the Articles of Association of the Company, to borrow, from time to time, as it may consider fit, any sum or sums of monies from any entity / person, whether or not the monies so borrowed together with the monies already borrowed by the Company and remaining outstanding at any one time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves that are not set apart for any specific purpose provided that the total amount so borrowed and outstanding at any one time (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs. 600 Cr (Rupees Six hundred crores only) and that the Board be and is hereby empowered and authorized to arrange and fix the terms and conditions of all such moneys to be borrowed, from time to time, as to interest, repayment, security or otherwise as it may think fit.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board or a duly constituted committee thereof, be and is hereby authorized to finalize, settle and execute such documents/ deeds/ writings/ papers/ agreements, in connection with such borrowing as may be required and to do all such other acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

**10. Approval to Create mortgage and/or charge in respect of Company's movable / immovable properties, in terms of section 180(1)(a) of the Companies Act, 2013.**

To consider and pass the following Resolution as a Special Resolution:

“**RESOLVED THAT**, in supersession of the earlier resolution passed, consent of the members of the Company, be and is hereby accorded to the board of directors (including duly constituted Committee) under Section 180(1)(a) and all other applicable provisions if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and the Articles of Association of the Company, to mortgage and/or charge, in addition to the mortgages / charges created / to be created by the Company in such

form and manner and with such ranking and at such time and on such terms as the board may determine, including a lien or floating charge, on all or any of the movable / immovable properties of the Company, both present and future and/or whole or any part of undertaking(s) of the Company in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowings of the Company availed / to be availed by way of loan(s) in Indian or foreign currency and securities (comprising fully / partly convertible debentures and/or non-convertible debentures, on all or any of the above, with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rates notes / bonds or other debt instruments) issued / to be issued by the Company, from time to time, subject to such permissible limits under Section 180(1)(c) of the Companies Act, 2013, together with interest and all other monies payable by the Company in terms of the Loan Agreement(s) / Trust Deed(s) or any other document, entered into / to be entered into between the Company and the Lender(s) / Agent(s) / Trustee(s), in respect of the said loans / borrowings / debentures / bonds or other securities and such terms and conditions in respect of enforcement of security as may be stipulated in that behalf and agreed to between the board or committee and the Lender(s) / Agent(s) / Trustee(s).

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Board or a duly constituted committee thereof be and is hereby authorized to finalize, settle and execute such documents / deeds / writings / papers / agreements, as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulties or doubts that may arise with regard to creating mortgages / charges against such borrowings as aforesaid.”

**11. Approval of remuneration of Cost Auditor for the financial year 2016-2017**

To consider and pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s Kabra & Associates, Cost accountant appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

**RESOLVED FURTHER THAT** Mr. Deep Kapuria, Executive Chairman and/or Mr. Pranav Kapuria, Managing Director and/or Mr. Anuj Kapuria, Whole Time Director and/or Mr. S.K. Khatri, Company Secretary of the Company be and are hereby severally authorised to



do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By order of the Board of  
The Hi-Tech Gears Ltd.**

**Sd/-  
S.K. Khatri  
Company Secretary  
Membership No: - F5459**

Place : New Delhi  
Date : 11/08/2016

**Registered Office:**  
A-589, Industrial Complex,  
Bhiwadi, Distt. Alwar,  
Rajasthan-301019

**NOTES:**

1. The Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF.  

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10 (ten) % of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 (forty eight) hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution.
3. Pursuant to Section 91 of the Act, the Register of Members and the Share Transfer books of the Company will remain closed from Saturday, September 17, 2016 to Friday, September 23, 2016 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the Final Dividend for the financial year 2015-16.
4. If final dividend on shares is approved at the Annual General Meeting, payment of such dividend will be made to those members whose names appear in the Register of Members on September 23, 2016. In respect of the shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on September 16, 2016, as per the details to be furnished by the depositories for this purpose
5. The relevant details under Regulation 36(3) of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 in respect of the Directors seeking appointment/reappointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
6. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Share Transfer Agent (“Registrar”) cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Registrar.
7. Pursuant to the provision of Section 205A, 205C of the Companies Act, 1956 or Section 124 , 125 and other applicable provisions, if any, of the Companies Act, 2013, the amount of dividend which remain unpaid or unclaimed for a period of 7(Seven) years from the date of transfer of the amount to unpaid dividend account would be transferred to the “Investor Education and Protection Fund (IEPF)” constituted by the Central Government and the shareholders would not be able to make any claims as to the amount of dividend so transferred to the fund from the Company. The Company has initiated a list of members, entitled for such amount, the same is available at Company’s website. Thus, the shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company or its RTA (Mas Services Limited) immediately for claiming outstanding dividends declared by the Company for the year 2008-09 and onwards. The proposed date for the transfer of unclaimed final dividend by the Company for the year 2008-09 to IEPF is 29th October, 2016.
8. Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 113 & other applicable provisions of the Companies Act, 2013 and Rules made thereunder.
9. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar.
11. Electronic copy of the Annual Report for 2015-16 along with the Notice of the 30th Annual General Meeting of the Company (including Attendance Slip and Proxy Form) is being sent to all the members whose Email Ids are registered with the Registrar/ Depository Participants(s)

- unless any member has requested for a hard copy of the same. For members who have not registered their Email Ids, physical copies of the Annual Report for the 2015-16 along with Notice of the 30th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent by other permissible modes.
12. A member can inspect the proxies lodged at any time during the business hours of the Company from the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, provided he has given to the Company a notice in writing of his intention to inspect not less than 3 (three) days' before the commencement of the meeting.
  13. Members may also note that the Notice of the 30th Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company's website [www.hitechgears.com](http://www.hitechgears.com). The physical copies of the documents will also be available at the Company's Registered Office for inspection during 11:00 A.M. to 1:00 P.M on any working day except Saturdays and Sundays upto the date of the meeting. Even after registering for ecommunication, members are entitled to receive such communication in physical form, upon making a request for the same, by any permissible mode free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [secretarial@hitechgears.com](mailto:secretarial@hitechgears.com).
  14. Pursuant to the provisions of Section 72 of the Companies Act 2013, the member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in demat form may contact their respective DP for availing this facility.
  15. Route Map and details of Prominent Landmarks of the venue of the meeting is enclosed.
  16. Voting through electronic means:
    - a. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder and as per Regulation 44(1) of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-voting')
    - b. M/s Grover Ahuja & Associates, Practicing Company Secretaries have been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
    - c. The facility for voting through ballot paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
    - d. The Members who have casted their vote by remote evoting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
    - e. Members can opt for only one mode of voting, i.e., either by Ballot Form or remote e-voting. In case Members cast their votes through both the modes, voting done by remote e-voting shall prevail and votes cast through Ballot Form shall be treated as invalid.
    - f. The remote e-voting period commences on September 20, 2016 (9:00 a.m.) and ends on September 22, 2016 (5:00 p.m.). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 16, 2016, may cast their vote by remote e-voting.
    - g. The process and manner for remote e-voting are as under:
      1. (l) In case of Members receiving e-mail from NSDL (For those members whose e- mail addresses are registered with Company/Depositories):
        - (a) Open e-mail and open PDF file with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
        - (b) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>.
        - (c) Click on Shareholder-Login.
        - (d) Put user ID and password as initial password noted in step (a) above. Click Login.
        - (e) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
        - (f) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
        - (g) Select "EVEN" of "The Hi-Tech Gears Limited".
        - (h) Now you are ready for remote e-voting as Cast Vote page opens.
        - (i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
        - (j) Upon confirmation, the message "Vote cast successfully" will be displayed.



- (k) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (l) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail email to [scrutinizer@hitechgears.com](mailto:scrutinizer@hitechgears.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - (ll) In case of Members receiving Physical copy of Notice of 30th Annual General Meeting (for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy)
    - a. Initial password is provided in the box overleaf.
    - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.
  2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote evoting user manual for Members available at downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
  3. If you are already registered with NSDL for remote evoting then you can use your existing user ID and password/ PIN for casting your vote.
  4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  5. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 16th September, 2016.
  6. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 16th September, 2016, may also obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA, MAS Services Limited at [info@masserv.com](mailto:info@masserv.com) or [sm@masserv.com](mailto:sm@masserv.com).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
  7. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
  8. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
  9. M/s Grover Ahuja & Associates, Practicing Company Secretaries have been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
  10. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote evoting facility.
  11. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  12. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.hitechgears.com](http://www.hitechgears.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing and communicated to the Stock Exchanges.
- STATEMENT ANNEXED TO THE NOTICE IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**
- Item No. 5**
- Mr. Deep Kapuria was re-appointed as Chairman & Whole Time Director of the Company for a period of 5 years. The appointment was effective w.e.f. January 01, 2012 & was valid upto December 31, 2016. The approval for the same was accorded by the members in their 25th Annual General Meeting held on September 27, 2011. Tenure of Mr. Deep Kapuria is due for re-appointment effective January 01, 2017
- Keeping in view the contribution made by Mr. Deep Kapuria since inception of the Company, the Board of Directors upon the recommendation of the Nomination & Remuneration Committee, in its meeting held on August 11, 2016, approved & recommended the reappointment and remuneration of Mr. Deep Kapuria as Chairman & Whole Time Director, to be designated as Executive Chairman, for a further period of 5 (Five) years, w.e.f. January 01 2017 to December 31, 2021.
- The aforesaid re-appointment and remuneration of Mr. Deep Kapuria as Chairman & Whole Time Director is subject to the approval of the Members of the company and other concerned statutory and other authorities, if applicable.
- A brief resume & additional information of Mr. Deep Kapuria, is annexed herewith in Annexure A, mentioning therein qualification, the nature of his expertise in specific functional

areas and the names of the company in which he holds the position of a Director as per Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

Except Mr. Deep Kapuria, Mr. Pranav Kapuria and Mr. Anuj Kapuria, Directors, being related to each other, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the agenda as set out at item no. 5 of the notice.

Your Directors recommend the resolution set forth in item no. 5 for approval of the members as Special Resolution.

The terms as set out in the resolution and explanatory statement may be treated as an abstract of terms of appointment of whole time Director pursuant to section 196 of the Companies Act, 2013.

#### **Item No. 6**

In terms of provisions of Section 196 of the Companies Act, 2013, and Rules made thereunder and other applicable provisions, if any, a Company can't continue the employment of any person as Whole-Time Director who has attained the age of 70 years without passing a special resolution indicating the justification for continuing such person in explanatory statement.

Mr. Deep Kapuria will attain the age of 70 years on August 05, 2019 and hence continuation of his employment as Executive Chairman after August 05, 2019 requires the approval of Shareholders by way of a special resolution.

Upon recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company recommends to continue the employment of Mr. Deep Kapuria as Chairman & Whole Time Director, designated as Executive Chairman after attaining the age of 70 years, i.e., from August 05, 2019 to December 31, 2021." Mr. Deep Kapuria is founder director of the Company and associated with the company since inception. He is a technocrat and expert in Gear Manufacturing & Designing, Business Management & Finance. He has great experience of dealing with customers, both domestic & overseas and understanding their requirements. Mr. Deep Kapuria has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time; it would be in the interest of the Company to continue the engagement of Mr. Deep Kapuria as Chairman & Whole Time Director, designated as Executive Chairman, even after attaining the age of 70 years.

The aforesaid employment of Mr. Deep Kapuria as Chairman & Whole Time Director after attaining the age of 70 years is subject to the approval of the Members of the company and other concerned statutory and other authorities, if applicable.

A brief resume & additional information of Mr. Deep Kapuria, is annexed herewith in Annexure A, mentioning therein qualification, the nature of his expertise in specific functional areas and the names of the company in which he holds the position of a Director as per Regulation 36(3) of the SEBI

(Listing Obligation and Disclosure Requirements) Regulation, 2015.

Except Mr. Deep Kapuria, Mr. Pranav Kapuria and Mr. Anuj Kapuria, Directors, being related to each other, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the agenda as set out at item no. 6 of the notice.

Your Directors recommend the resolution set forth in item no. 6 for approval of the members as Special Resolution.

The terms as set out in the resolution and explanatory statement may be treated as an abstract of terms of appointment of whole time Director pursuant to section 196 of the Companies Act, 2013.

#### **Item No. 7**

The Board of Directors ("the Board"), on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Bidadi Anjani Kumar as an Additional Director. His appointment is effective from November 03, 2015 till the conclusion of present meeting, but the members may appoint him as a regular director.

The Company has received a Notice in writing from a Member of the Company along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Bidadi Anjani Kumar for the office of Director of the Company.

Mr. Bidadi Anjani Kumar has consented to act as a Director of the Company and has given the requisite disclosures to the Board as provided under Section 152 of the Companies Act, 2013.

A brief resume & additional information of Mr. Bidadi Anjani Kumar is annexed herewith in Annexure A, mentioning therein the nature of his expertise in specific functional areas and the name of the company in which he holds the position of a Director as per Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

Copy of the draft letter for appointment having the term and conditions of appointment of Mr. B.A. Kumar as a Non-executive Director are open for inspection by Members at the Registered Office of the Company during normal working hours between 11.00 a.m. and 1.00 p.m. on all working days (except Saturdays & Sundays).

Having regard to the qualification, experience and knowledge, the Nomination and Remuneration Committee and the Board is of the view that his appointment as a Non-executive Director will be in the interest of the Company. Board is of the opinion that the Company will be benefited with his contribution in the Board process, Governance and overall working. The Board recommends the Resolution as set out at Item No. 7 of the Notice for the approval by the members of the Company by way of an Ordinary Resolution.

He is not related to any other Director of the Company.

Except Mr. Bidadi Anjani Kumar, none of the Directors, Key Managerial Personnel of the Company and their relatives are



concerned or interested, financial or otherwise, in the agenda as set out at Item No. 7 of the Notice.

Your Directors recommend the resolution set forth in item no. 7 for approval of the members as an Ordinary Resolution.

#### **Item No. 8**

As per the provisions of Section 186 of the Companies Act, 2013, the Board of Directors of a Company can make any investment beyond the prescribed ceiling of i) Sixty per cent of the aggregate of the paid-up capital and free reserves and securities premium account or, ii) Hundred per cent of its free reserves and securities premium account, whichever is more, if special resolution is passed by the members of the Company.

As a measure of achieving greater financial flexibility and to enable optimal financing structure, this permission is sought pursuant to the provisions of Section 186 & other applicable provisions of the Companies Act, 2013 to give powers to the Board of Directors or any duly constituted committee thereof, for making further investment, to subsidiary companies (including overseas subsidiaries) or to acquire by way of subscription, purchase or otherwise, securities of any body corporate(s) for an amount not exceeding Rs 600 crore.

The investment(s), as the case may be, will be made in accordance with the applicable provisions of the Companies Act, 2013 and relevant rules made there under. These investments are proposed to be made out of own/surplus funds/internal accruals and or any other sources including borrowings, if necessary, to achieve long term strategic and business objectives.

The Board accordingly recommends to pass the Special resolution. None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

#### **Item No. 9 & 10**

The members of the Company in their meeting held on 28th September, 2014, approved, by way of special resolution, a limit for exercising the powers of borrowing, by the Board of Directors (including duly constituted Committee), for the business purpose of the Company, upto a sum not exceeding Rs. 400 Cr (Rupees four hundred crores only), in terms of Section 180(1)(c) of the Companies Act, 2013 (the Act 2013), notwithstanding that the money to be borrowed together with the monies already borrowed by the Company may exceed the aggregate of its paid up share capital and free reserves apart from temporary loans obtained from the Company's Bankers in the ordinary course of business. Similarly, the shareholder also authorized to create charge /mortgage also to secure the borrowing u/s 180(1) (a) of the Companies Act, 2013.

The above existing power of the board do not permit for exercising the powers to borrow money upto a limit of Rs. 600 Cr (Rupees six hundred crore only). The board however decided to seek the consent of the members, by way of a special resolution, to comply with the regulatory requirements

by fixing the limit of Rs. 600 Cr (Rupees six hundred crore only), keeping in view the long term requirements of funds for future business plans in terms of Section 180(1) (c) of the Companies Act, 2013. Similarly, Section 180(1)(a) of the Act 2013, provides that powers to create mortgages and/or charges against such borrowings will require a specific approval from members by way of a special resolution, as per the provisions of Section 180(1)(a) and other applicable provisions of the Companies Act, 2013 and Rules made thereunder.

The Board, therefore, decided to seek the consent of the members, by way of special resolutions in terms of the new requirements under the Act 2013, for exercising its powers for creating such mortgages and/or charges against such borrowings. Therefore, the special resolution as set out in Item No. 9 & 10 of the accompanying Notice is of an enabling nature for the above purpose.

The existing limit is proposed to increase from Rs. 400 Cr. to Rs. 600 Cr., the Board accordingly recommends to pass the Special resolution. None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

#### **Item No. 11**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s Kabra & Associates, Cost Accountants as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year 2016-17 at a fee of upto Rs. 150,000/- plus Service Tax and out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors, has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 11 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the agenda as set out at Item No. 11 of the Notice.

Your Directors recommend the resolution set forth in item no. 11 for approval of the members as Ordinary Resolution.

**By order of the Board of  
The Hi-Tech Gears Ltd.**

**Sd/-  
S.K. Khatri**

**Company Secretary  
Membership No: - F5459**

Place : New Delhi  
Date : 11/08/2016

**Registered Office:**  
A-589, Industrial Complex,  
Bhiwadi, Distt. Alwar,  
Rajasthan-301019

### Annexure A

| Particulars                           | Mr. Deep Kapuria   | Mr. Bidadi Anjani Kumar  | Mr. Anuj Kapuria  |
|---------------------------------------|--|--|---|
| Directors Identification Number (DIN) | 00006185   | 00022417   | 00006366  |
| Date of Birth & Age                   | 05/08/1949, 67 years   | 25/03/1952, 64 years   | 26/08/1978, 38 years  |
| Date of Initial appointment           | 23/10/1986   | 03/11/2015   | 30/05/2005  |
| Date of current re-appointment        | 11/08/2016   | To be regularized in the ensuing annual general meeting.   | 23.09.2016*   |
| Experience & Expertise                | <p>Mr. Deep Kapuria is founder director of the Company and associated with the Company since Inception.</p> <p>He is a technocrat and expert in Gear Manufacturing &amp; Designing, Business Management &amp; Finance.</p> <p>He has the distinction of being President of ACMA twice and has led various overseas CII/ACMA Delegations including at WTO ministerial. He regularly represents Indian Industry at the Indian Government/Ministerial Business Delegation across the globe. He is Co-Chairman of CII Trade Fairs Council &amp; Advance Manufacturing and Indo-UK Working Group-JETCO (Joint Economic and Trade Committee), Chairman of CII Regional Committee on Central Europe and Globalization Committee of ACMA and immediate past president of CII MSME Council.</p> | <p>Mr. Kumar is an existing management consultant of the Company. He has an immense experience in the field of Business strategy, taxation, Accounts, Financial planning, along with sound experience necessary to guide organization in the competitive Environment.</p> <p>Mr. Bidadi Anjani Kumar, is a Seasoned Chartered Accountant (FCA) and has been practicing as a Management Consultant since 2010, with a focus on Best Practices, Corporate Governance, Strategic Planning and M &amp;A.</p> | <p>Mr. Anuj Kapuria began his professional career early as a Trainee Engineer with Hero Honda Ltd, where he was part of a team for maintaining the existing welding/painting robots and assisting with integration of new robots in their assembly line.</p> <p>He has come a long way in the eld of computer vision, artificial intelligence and robotics.</p> <p>A technology freak, has to his credit, modernization of old plants, training &amp; development &amp; research in ongoing projects.</p> <p>He has also led for more than 17 patents in India and abroad</p> |
| Qualification                         | <ol style="list-style-type: none"> <li>1. Bachelor of. Engineering (Honors') from B.I.T.S., Pilani;</li> <li>2. Advance Management Programme from Indian Institute of Management, Ahmedabad</li> <li>3. Lead Assessor Course for ISO 9000 from P.E. Batalas Ltd., UK</li> <li>4. Owner Management Programme from Harvard Business School, USA</li> </ol>   | Chartered Accountant (FCA)   | He is an Engineer with a Master's degree in Robotics with specialization in Computer Vision, Articial Intelligence and Intelligent Robotics from Carnegie Mellon University (CMU), U.S.A.   |



|  |  |  |  |
|--|--|--|--|
| Board Membership of other Companies as on 31/03/2016.                    | <ol style="list-style-type: none"> <li>1. Dev Darshan Construction Private Limited</li> <li>2. The Hitech and Associates Limited</li> <li>3. The Hi-Tech Robotics Systemz Limited</li> <li>4. Hitech Esoft Engineering Private Limited</li> <li>5. Global Innovation &amp; Technology Alliance</li> <li>6. The Mayo Foundation</li> <li>7. Omax Autos Limited</li> </ol> | <ol style="list-style-type: none"> <li>1. Kennametal India Limited</li> <li>2. Premium Transmission Limited</li> <li>3. The Hitech and Associates Limited</li> </ol>   | <ol style="list-style-type: none"> <li>1. Manu Farms Private Limited</li> <li>2. Chetana Inlease Pvt. Limited</li> <li>3. Summit Inport Services Limited</li> <li>4. Ultimate Cables Technotrends Limited</li> <li>5. Vulcan Electro Controls Limited</li> <li>6. The Hitech and Associates Limited</li> <li>7. The Hi-Tech Robotic Systemz Limited</li> <li>8. Hi-Tech Esoft Engineering Pvt. Ltd.</li> <li>9. Hi-Tech Portfolio Investments Limited</li> </ol> |
| Chairman/Member of the Committee of the Board of Directors as 31/03/2016 | <p><b>The Hi-Tech Gears Limited</b><br/>CSR Committee (Member)<br/>Share Transfer Committee (Chairperson)<br/>Finance Committee (Chairperson)</p> <p><b>The Hi-Tech Robotic Systemz Limited</b><br/>CSR Committee (Chairperson)</p> <p><b>Omax Autos Limited</b><br/>Nomination &amp; Remuneration Committee (Member)</p>  | <p><b>Kennametal India Limited</b><br/>Audit Committee (Chairperson)<br/>Stakeholder Relationship Committee (Member)<br/>Nomination &amp; Remuneration Committee (Member)<br/>CSR Committee (Member)<br/>Risk Mgt. Committee (Member)</p> <p><b>Premium Transmission Limited</b><br/>Audit Committee (Member)<br/>Nomination &amp; Remuneration Committee (Member)</p> | <p><b>The Hi-Tech Gears Limited</b><br/>Audit Committee (Member)</p> <p><b>The Hi-Tech Robotic Systemz Limited</b><br/>CSR Committee (Member)</p>  |
| Number of shares held in the Company as on 31/03/2016                    | 3,117,401  | -  | 844,062  |
| Relationship with Directors  | Mr. Pranav Kapuria – Son<br>Mr. Anuj Kapuria – Son   | None   | Mr. Deep Kapuria – Father<br>Mr. Pranav Kapuria – Brother  |

\* Mr. Anuj Kapuria was re-appointed as Whole Time Director on May 15, 2015, which was confirmed at the 29th Annual General Meeting held on September 29, 2015. His appointment is liable to retire by rotation.







# The Hi-Tech Gears Limited

(Formerly known as Hi-Tech Gears Limited)

Registered Office: - A-589, Industrial Complex, Bhiwadi- 301019, District Alwar, Rajasthan CIN- L29130RJ1986PLC004536 website: - www.hitechgears.com  
Tel.: +91(124)4715100 Fax: +91(124)2806085

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014] Name of the member (s): .....

Registered Address: .....

E-mail ID:.....Folio No. / DP ID-Client ID .....

I/We, being the member (s) of ..... shares of the The Hi-Tech Gears Limited, hereby appoint:

1. Name:.....of.....,having an E-mail ID:....., failing him / her;
2. Name:.....of.....,having an E-mail ID:....., failing him / her;
3. Name:.....of.....,having an E-mail ID:....., failing him / her;

whose signatures are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on Friday the 23rd day of September, 2016 at 11:00 A.M. at registered office at A-589, Industrial Complex, Bhiwadi-301019, District Alwar, Rajasthan and at any adjournment thereof in respect of the resolutions as indicated below:

| S. No. | Resolutions   | No. of shares | For* | Against* |
|--------|---|---------------|------|----------|
| 1      | To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016, together with the reports of the Director's and Auditor's thereon |               |      |          |
| 2      | To confirm the interim dividend & to declare the final dividend on equity shares.   |               |      |          |
| 3      | To appoint a director in place of Mr. Anuj Kapuria, who retires by rotation and being eligible has offered himself for re-appointment   |               |      |          |
| 4      | To appoint Statutory Auditors and to fix their remuneration   |               |      |          |
| 5      | Re-appointment & Remuneration of Mr. Deep Kapuria as Chairman and Whole Time Director to be designated as Executive Chairman  |               |      |          |
| 6      | Continuation of employment of Mr. Deep Kapuria as Executive Chairman after attaining the age of 70 years (i.e. post 5th August, 2019).  |               |      |          |
| 7      | Regularisation of Mr. Bidadi Anjani Kumar as Non Executive Director   |               |      |          |
| 8      | Approval of Inter-corporate Investments as per Section 186 of the Companies Act, 2013   |               |      |          |
| 9      | Approval of Borrowing Powers in terms of Section 180(1) (c) of the Companies Act, 2013  |               |      |          |
| 10     | Approval to Create mortgage and/or charge in respect of Company's movable /immovable properties, in terms of section 180(1)(a) of the Companies Act, 2013                                     |               |      |          |
| 11     | Approval of remuneration of Cost Auditor for the financial year 2016-2017   |               |      |          |

Signed this ..... day of ..... 2016.  
(date) (Month)

Signature of Shareholder(s)

Signatures of:

.....  
First Proxy Holder

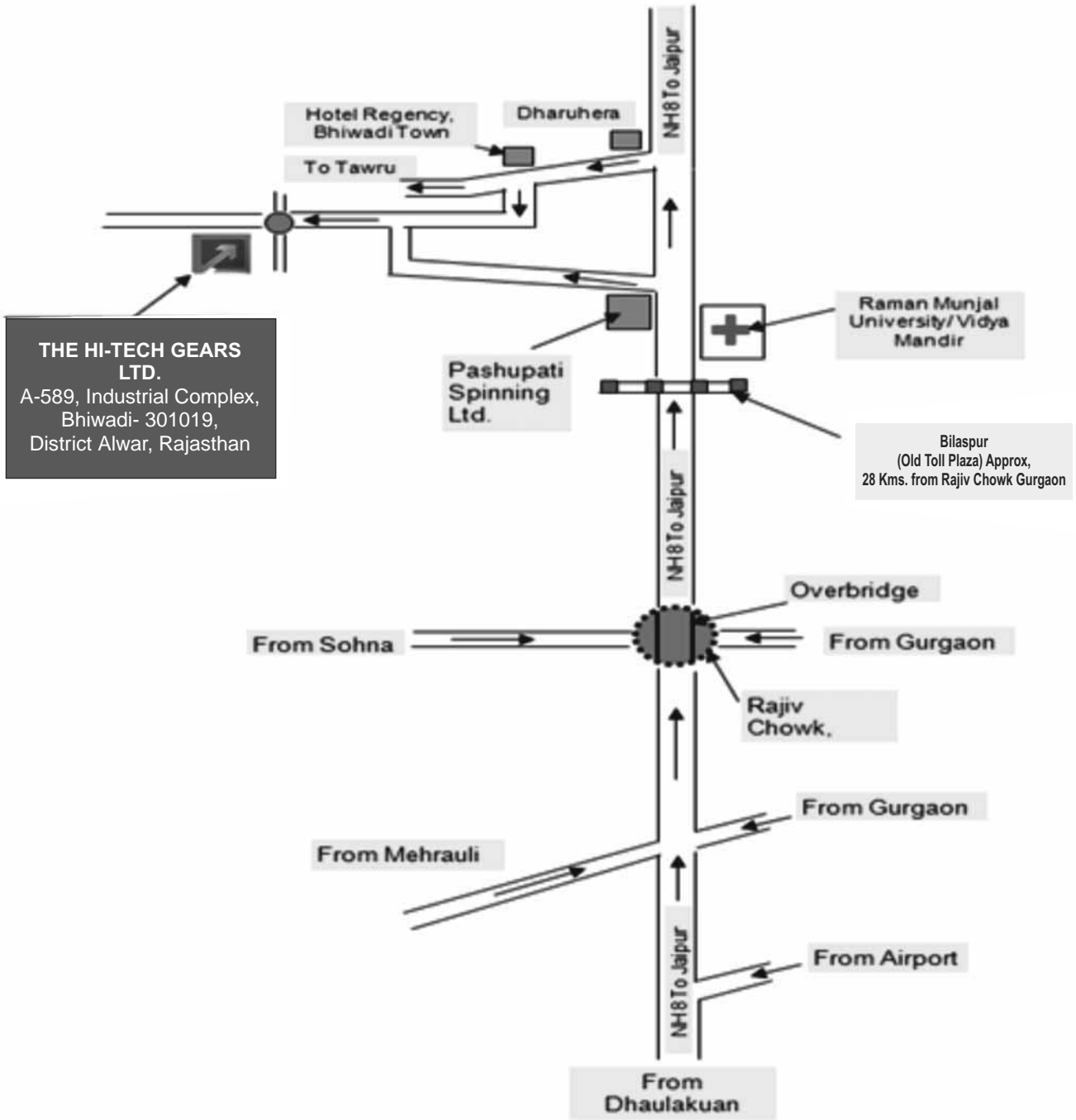
.....  
Second Proxy Holder

.....  
Third Proxy Holder



### Notes:-

- \*1. Please put a "Tick mark" in the Box in the appropriate column. If you leave 'For' or 'Against' column blank in respect of any or all of the resolutions, your proxy will be entitled to vote in the matter as he/she thinks appropriate.
2. Proxy need not to be a member of the Company. A person can act as proxy on behalf of for a maximum of fifty members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Provided that a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. This form of proxy in order to be effective should be duly executed and deposited at the Registered Office of the Company at A-589, Industrial Complex, Bhiwadi-301019, District Alwar, Rajasthan at least 48 hours before the time of the Meeting.  
\* is optional. However, if you exercised the option, this may be treated as ballot form.





THE HI-TECH GEARS LTD.

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