



# THE HI-TECH GEARS LTD.

(Formerly Hi-Tech Gears Ltd.)  
CIN - L29130RJ1986PLC004536

Corporate Office : Millennium Plaza, Tower-B, Sushant Lok-1, Sector-27, Gurugram -122002,  
Haryana, INDIA Tel. : +91(124) 4715100

**October 10, 2017**

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

The Manager,  
Listing Department,  
BSE Limited  
"Phiroze Jeejeebhoy Towers"  
Dalal Street, Fort,  
Mumbai-400001  
**Scrip Code: 522073**

**Subject: Annual Report for the financial year 2016-17**

Respected Sir/Ma'am,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed one copy of complete Annual Report for the Financial Year 2016-17 duly approved and adopted by the members at its 31<sup>st</sup> Annual General Meeting.

Kindly take the same in your record.

Thanking you,

Yours faithfully,

**For The Hi-Tech Gears Limited**

*S.K. Khatri*



**S.K Khatri**  
**Company Secretary**  
**M.No. F5459**

Encl: as above

[www.hitechgears.com](http://www.hitechgears.com)

Head Office : C-41/B, Kalkaji, New Delhi-110019 INDIA

Regd. Office & Works I : A-589, Industrial Complex, Bhiwadi - 301 019 Rajasthan INDIA Tel. : +91(1493) 665000

Works-II : Plot No. 24 - 26 Sector-7, IMT Manesar - 122 050 Gurugram, Haryana INDIA Tel.: +91 (124) 4715200

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

Subsidiaries : Teutech Industries Inc. 361, Speedvale Ave W. Guelph, ON N1H 1C7, CANADA

Teutech LLC. 227, Barton St. Emporium. PA 15834, USA



THE HI-TECH GEARS LTD.

ENGINEERING  
MANUFACTURING  
ROBOTICS

ENGINEERING  
CONVERGENCE  
SOLUTIONS FOR  
A LEAN WORLD

passion to succeed



passion | innovation | technology

31<sup>st</sup>  
Annual Report  
2016-2017

**Corporate Office**

14th 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)

**Plants of subsidiary companies****Teutech Industries Inc.****Plant I**

361, Speedvale Avenue W,  
Guelph, ON N1H 1C7, Canada

**Plant II**

265, Massey Road,  
Guelph, ON N1K 1B2, Canada

**Teutech LLC**

227, Barton Street, Emporium,  
PA, 15834, USA

**Bankers**

Standard Chartered Bank  
Citi Bank N.A.  
State Bank of India  
ICICI Bank Ltd.  
Kotak Mahindra Bank

**Registrar & Transfer Agent**

MAS Services Limited  
(Unit: The Hi-Tech Gears Limited)  
T-34, 2nd 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  
119, First Floor, Deepshikha Building  
Rajendra Place, New Delhi-110008  
Tel : + (91)11- 49091217

**Board of Directors**

Mr. Deep Kapuria  
Executive Chairman

Mr. Anil Kumar Khanna  
Independent Director

Mr. Pranav Kapuria  
Managing Director

Mr. Sandeep Dinodia  
Independent Director

Mr. Bidadi Anjani Kumar  
Director

Mr. Vinit Taneja  
Independent Director

Mr. Anuj Kapuria  
Executive Director

Mr. Prosad Dasgupta  
Independent Director

Mr. Krishan Chandra Verma  
Independent Director

Mr. Ramesh Chandra Jain  
Director

Ms. Malini Sud  
Independent Director

**Key Managerial Personnel**

Mr. Vijay Mathur  
Chief Financial Officer

Mr. S. K. Khatri  
Company Secretary

**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  
21st Floor, DLF Square  
Jacaranda Marg, DLF Phase II  
Gurgaon-122002  
India  
Tel: + (91)-124 46280000

## 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.

The financial statements have the absolute figures unless specifically mentioned. The Messages & Directors' Report together with its Annexure are the statement of the financial figures, hence are provided in Rupees in lakh, unless specifically mentioned.

Source of information: we have consulted RBI, SIAM, ACMA, industry associations, fellow industry members, Industry journals and various ministries 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

1. Milestones	2
2. Chairman's Message	4
3. Managing Director's Message	8
4. Directors' Report	11
5. Management Discussion & Analysis	35
6. Corporate Governance Report	42
7. Shareholder's Information	55
8. Standalone Auditor's Report	56
9. Standalone Balance Sheet	61
10. Standalone Statement of Profit & Loss	62
11. Standalone Cash Flow Statement	63
12. Standalone Notes to Financial Statement	65
13. Consolidated Auditor's Report	90
14. Consolidated Balance Sheet	93
15. Consolidated Statement of Profit & Loss	94
16. Consolidated Cash Flow Statement	95
17. Consolidated Notes to Financial Statement	97
18. Notice	118





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

# MILESTONES **1986** Down The Years **2017**



- 1986 Incorporated as a Public Limited Company
- 1988 Production Commencement & became single source supplier to Hero Honda
- 1989 Product Indigenization
- 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 Launches Initiative of Lean Manufactured
- 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/Productionsing 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 changed to "The Hi-Tech Gears Ltd."
- 2017 Acquisition of Teutech Industries INC, Canada and Teutech LLC, USA.



# CUSTOMERS



**DAIMLER**

Daimler India Commercial Vehicles Pvt.. Ltd.







## Chairman's Message



Dear Shareholders,

As the last financial year unfolded, it brought with it several surprises that significantly changed the global political and business landscape. In an era of global uncertainty, your Company continued to pursue its core values of Excellence, Integrity, Commitment and Transparency that guide our business conduct and underpin all of our operations. I am very pleased to share with you that even in the midst of all these global changes, your Company achieved several milestones, including the acquisition of wholly owned subsidiary companies in Canada and the USA. Your Company also continued to focus on Sustainable Manufacturing and I am very happy to announce that our Bhiwadi T&EC Plant was granted the IGBC Platinum Rating earlier this month.

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

The last year has perhaps been the most tumultuous in terms of global affairs with growth getting impacted by heightened policy uncertainty. Both the USA and the UK registered minimal growth, despite expectations of improved economic activity. As a result, the IMF scaled down its growth forecast for the two economies.

Global trade continued to fall prey to the pressures of campaign promises that have begun to emerge in the increasingly protectionist and inward looking policies of some countries. While USA withdrew from the TPP and the future of TTIP remained uncertain, globalization seemed to tilt towards regionalism and bilateralism. Stagnant global trade and subdued investment marked the last financial year. Global growth recovery was also negatively impacted by the several unfortunate terror activities across the developed world. In this backdrop, policymakers continue to be faced with the challenge of nurturing recovery, confronting downside risks and fostering longer-term growth.

The global economy grew by 3.1% in 2016. Weaker trade growth, sluggish investment, subdued wages, diminished reform momentum and slower activity in key emerging markets were the main contributors to the slow growth.

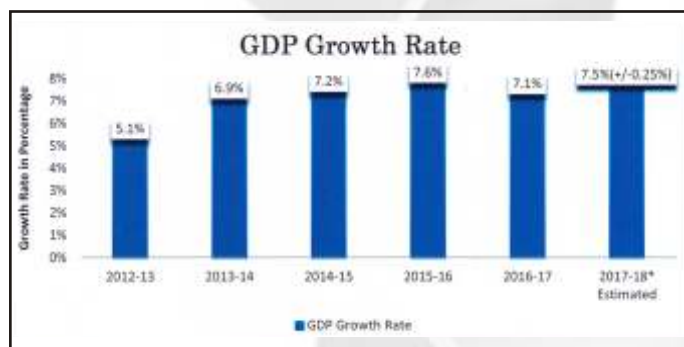
The good news, however, is that as the political dust in the Western part of the world settles, the overall global economy has now started to register growth. While the growth is still fragile, the IMF has kept its global growth forecast unchanged at 3.5% for 2017 and 2018. The four large economies of the Euro Zone – France, Germany, Italy & Spain are likely to experience accelerated growth on the



back of strengthening domestic demand and increased exports. These, along with expectations of Japan's economy picking up momentum and a continued growth spell in the Emerging Markets & Developing Economies (EMDEs), are expected to buffer up global growth prospects in 2018. However, most emerging economies are expected to grow at rates similar to the prior year.

Despite the inward looking policies being pursued by several nations, the World Bank has forecast that global trade will outpace GDP growth after two years of marked weakness. The pickup in global trade partly reflects a bottoming out of global investment, which is relatively import-intensive. Global financing conditions remain benign.

While the world was struggling to find growth, India continued to register robust economic growth. India continues to remain one of the fastest growing economies in the world. The Economic Survey 2016-17 has forecast that the Indian economy remains well poised for growth and should clock in around 6.75 to 7.5% growth in FY 2017-18. Strong fiscal consolidation, low current account deficit, higher agricultural output, growing FDI, low inflation and higher wages in rural areas provide an environment for continued economic growth.



The steps taken by the Government have shown positive results as India's Gross Domestic Product (GDP) at constant rates, registered a growth rate of 7.1% in 2016-17. Further per capita income at current prices during 2016-17 rose by 9.7% to Rs 1,03,219 as against Rs 94,130 in the previous fiscal.

The strong Government reforms further strengthened India's economic fundamentals. Though the GDP for the January to March 2017 Quarter stood much lower at 6.1%, for once a declining GDP gives cause to cheer – it could really mean that the Government's crusade against the parallel economy has been successful. In the long run, demonetization could accelerate the formalization of the economy, leading to higher tax collections and greater digital financial inclusion. The roll out of Goods and Services Tax (GST) is a key complementary reform that will support formalization of the economy. The continuing political stability is sure to push economic growth back to the expected range.

With the improvement in India's economic scenario and several Government initiatives being pursued in mission mode, numerous foreign companies are setting up their facilities in India.

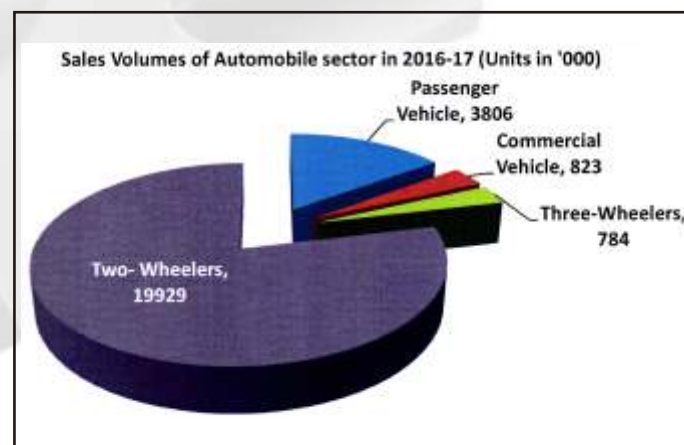
M&A activity in India more than doubled year-on-year to reach USD 61.26 billion in 2016-17 and early-stage start-ups in India are expected to raise close to USD 800 million in 2017.

India's growth prospects for the next decade remain positive, with the country comfortably placed to remain one of the fastest growing large economies of the world. Some estimates have forecast that with a shift in consumer behavior and expenditure pattern, India's consumption will triple to USD 4 trillion by 2025, making it the third largest consumer economy. It is also estimated that by 2040, India would surpass USA to become the second largest economy in terms of purchasing power parity (PPP).

### Indian Automotive Sector and our Future Outlook

Today, the automotive sector is globally experiencing one of its biggest transformations. Mobility as it is defined today stands at an inflection point and is certainly not going to remain the same another decade from now. With ride share becoming popular over the last one to two years, mobility and, therefore, the automotive sector will be defined by the ability of transport to seamlessly take people from point A to point B at the least possible cost and with highest of safety standards.

While this is the future, the traditional automotive sector continues to thrive, though with increased integration of electronics the Indian auto industry continued to remain one of the largest in the world. The sector accounts for 7.1% of the country's Gross Domestic Product (GDP) and accounts for 49% of Manufacturing GDP. During April-March 2017, the industry manufactured a total 25,316,044 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycles, a growth of 5.41% over the previous year. The production trends also reveal a continuously expanding market for PVs, as also a healthy bounce back of the Commercial Vehicles segment.



The domestic sales of Passenger Vehicles and Commercial Vehicles grew by 9.23% and 4.16% respectively, during April- March 2017. Scooters, Motorcycles and Mopeds registered a growth of 11.39%, 3.68% and 23.02% respectively, taking Two Wheeler sales growth to 6.89% for the year. While three wheelers sales declined by 4.93 %, Passenger Carrier sales declined by 8.83%.





The sector's exports slowed down during the year, with overall automobile exports declining by 4.50%. While Passenger Vehicles and Commercial Vehicles exports registered a growth of 16.20 % and 4.99% respectively, exports of Three Wheelers and Two Wheelers declined by 32.77% and 5.78 % respectively in April-March 2017 over April-March 2016. Yet India, a prominent exporter of automobiles, has strong export growth expectations in the near term. Several Government initiatives are expected to boost the efforts of major Indian automotive manufacturers, taking India to a global leadership position in Two Wheeler and Four Wheeler markets by 2020. The Indian Automotive industry aims to increase exports of vehicles by 5 times over the next ten years.

By 2026, India is expected to be the third largest automotive market in the world. Several global car majors have increased their India investments to meet the growing domestic demand. The Indian Automotive industry is expected to remain amongst the prime Manufacturing sectors for the country and the Government is working on specific interventions to sustain and improve manufacturing competitiveness and address environment and safety related challenges.

The Government's focus on Electric Vehicles is likely to make it a sizeable market opportunity over the next ten years. The demands for low-cost Electric Vehicles, suited for short-distance urban commutes, is likely to take the sales up to 6-7 million units by 2020. Many manufacturers have begun to make plans for the future by forging technological and distribution alliance, as well as gearing up for emerging trends in green and alternative mobility solutions. Further, the Government's plan to scrap commercial vehicles older than 15 years is another step to boost prospects of Auto & Component industries both.

India's auto-components industry has experienced healthy growth over the last few years. A buoyant end-user market, improved consumer sentiments and return of adequate liquidity in the financial system have helped to keep the auto component sector growing.

As one of the major job creators, the Indian automobile industry is fulfilling its duty well. In parallel, it is the biggest FDI earner & GDP contributor. The Indian auto components industry is going through a transformational period with the concept of mobility changing continuously. The industry is preparing for Industry 4.0, but expecting tax incentives for the investment in this direction.

The business model of the industry is fast evolving and shifting from a manufacturing to a service-intensive industry. To build synergies with global value networks, this shift requires the supply chain to transform and the Indian auto components sector is beginning to make the shift. Low penetration level, fast growing economy supports the growth potentials of the automobile industry. Other important factors such as, flexible policies, 100% FDI in the sector, large pool of skilled labour, availability of land, raw material and capital, are also enabling India to become a manufacturing hub.

The sector has set itself the target of achieving 5 times growth by 2026 with a turnover of USD 200 billion, with exports of USD 70-80 billion and investments of USD 30-40 billion. India is fast becoming a R&D hub, a major centre for auto component manufacturing with component manufacturers moving up in supply chain, bringing several new opportunities to be harnessed.

#### **Company Performance and Strategy**

Achieving our goals with discipline has been our unchanging focus. Each time we look at a growth horizon, we look at how we can improve and add value to our business; how we can make a difference in the markets we operate in, make our offerings more expansive and deliver on our mission to create healthier communities globally.

I am happy to share that your Company is now a true 'Global Company'. During the period under review, your Company has acquired Teutech Industries Inc and their group companies. Situated in Canada and the USA, these companies have consolidated sales exceeding CAD 50 million. The object of the acquisition is to be part of a Global Value Chain (GBV) with a footprint in an important and essential geography. Teutech is an auto component engaged in the manufacture of transmission and driveline components. The other details of this acquisition are being shared by Mr. Pranav Kapuria in his message and in the Directors' Report.

During 2016-17 we made consistent progress, in addition to achieving the above major milestone. On the back of many reforms announced by the Government, which may have long term positive impact, the revenues of the business segments were impacted in the second half. Your Company has still been able to, more or less, maintain the financial performance of the previous year. The Company's total revenue stood at Rs. 45,261.60 lakhs compared to Rs. 45,224.92 lakhs during the previous year. The Profit Before Tax stood at Rs 3,186 lakhs as compared to Rs 3,359.94 lakhs in the previous year. Earnings Per Share (EPS) of the Company stood at Rs. 10.86.

Export revenues were also close to the previous year, with the Company recording an export turnover of Rs. 10,492.79 lakhs. With the acquisition getting concluded just a month before the close of the Financial Year, the consolidated financials did not register a material difference vis-à-vis the standalone figures. The consolidated financials of the Company with its subsidiaries are attached at the relevant part of the Annual Report.

As you may appreciate, 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 12.5 %, i.e. Rs. 1.25 per shares. The same was declared and paid during the year. Similarly, a final dividend of 12.5% .i.e. Rs. 1.25 per shares is being recommended by the Board for your approval.

Technological advancement and product innovation remain our key differentiators. 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.

As you may be aware your Company is among very few companies in the world which supply to OEMs manufacturing Two Wheelers, Four Wheelers, 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 and over a period it has graduated to become a "full fledged assembly" manufacturer. With the recently acquired Teutech, your Company's customer base and product portfolio have been further strengthened.

Your Company, in addition to tapping new markets, will leverage its positioning and also rely on building its relationships and product development. The export programmes are also expected to gain momentum. Going forward, the overall focus will continue to be on quality delivery at optimum costs. The Company believes that the ensuing year, while being challenging, will also be a year when the Company regains its growth momentum.

Your Company's strategy has been to focus on four pathways: leveraging our core strengths, improving the

efficiency of our operations, optimizing our resources and enriching the capabilities of our people. As we move on to a higher growth trajectory, we will continue to centre our growth strategy on these four pathways.

As I conclude, I reiterate that we are approaching the new level and need all your support. On my behalf and on behalf of my colleagues on the Board, I would like to thank you and record our sincere gratitude to all our stakeholders for the confidence & trust reposed in 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 their support and 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. There will be more opportunities to deliver something meaningful and purposeful, as we race ahead with our plans for your Company's future in the years to come. I am confident that together we will chart the roadmap of the Company for continuous growth & profitability and will steer the Company to greater heights.

**Deep Kapuria**  
**Chairman**





## Managing Director's Message



### Dear Shareholders,

It gives me great pleasure to be in touch with you again and to update you on your companies progress. I am very happy to inform you that on March 1, 2017, in line with our Vision of becoming a company with a global footprint, we successfully completed the acquisition of an auto components manufacturing company in the NAFTA Region. I have shared further details about this acquisition later in this message.

**Macro Economic Update :** In 2016-17, global economic growth continued to remain slow. Slower trade liberalization, obstacles to value chain integration, elevated economic policy uncertainty and the likelihood of financial market disruptions, could possibly impact global growth prospects; continuously increasing trade restrictions have the potential to derail a fragile trade recovery. Another significant concern has been the substantial slowdown in investment growth in the emerging markets and developing economies – investments tumbled from an average 10%, in 2010 to about 3.5% in 2016. The weakness in investment has been most pronounced in the largest emerging markets and commodity-exporting emerging and developing economies. Despite such risks, the IMF and World Bank have both shown confidence in global growth prospects in the near term – according to their forecasts global growth will strengthen to 3.5% in 2017 and 3.6% in 2018. A firming of commodity prices, recovering industrial activity, stabilizing investment, and improving confidence are supporting a gradual global recovery. A slight strengthening of investments across developed economies in 2017 also raises hopes of investments picking up over the same period.

Lower energy prices and the somewhat stable economic

conditions are pushing inflation down amongst developing economies. Inflation is also decelerating in most emerging-market economies, as well as in the Eurozone and the United States, as a result of lower food prices and more stable foreign exchange markets. Price pressures however intensified in the United Kingdom on the back of a weaker Pound Sterling. This downward inflationary trend is expected to continue in 2017, bringing down global inflation to 4.7% and further moderating to 4.4% in 2018.

While the world endured the headwinds, the Indian economy continued to demonstrate strong growth potential, expanding by 7.1% in 2016-17. India's growth remained robust, based on enhanced Government spending and data revisions that recorded stronger momentum in the first part of the year. The IMF has, accordingly, projected a growth rate of 7.2% in 2017-18 and 7.7% in 2018-19.

The Indian Government's firm commitment to reforms and liberalization has been demonstrated through a series of path breaking initiatives including demonetization, the GST roll out and the setting up of the Real Estate Regulatory Authority (RERA). Even though GST may lead to a temporary inflationary trend in the near term, its long term impact will surely be positive. The removal of cascading taxes and improved logistics alone will improve the Ease of Doing Business with India and also make India significantly more competitive in global trade. Similarly, the setting up of the RERA will dismantle the parallel economy that has thrived for long in India. In this backdrop, India's economic growth is expected to remain strong at least in the medium term. While consumption will be supported by increased public wages and pensions, private investment is expected to get a fillip with the Government continuing the reforms process.

### The Automotive Sector

Technological disruptions have already begun to redefine the global automotive sector. With driverless cars, ride share and electric vehicles taking centre stage the consumer buying behavior is also likely to change in the next decade. However, fully autonomous vehicles are unlikely to be commercially available before 2020. Advanced driver-assistance systems (ADAS) will play a crucial role in preparing regulators, consumers, and corporations for the medium-term reality of cars taking over control from drivers.

Though disruption in the automotive sector continued, worldwide automotive sales in 2016 stood at a record 93 million units i.e. close to 5.5% higher than the previous year. It is estimated that close to 70 million units, out of the total sales, were only passenger vehicles.

Going forward the growth markets, including China, India, Southeast Asia and North Africa, are expected to remain the main engines for volume growth in the automotive industry worldwide. It is expected that these markets will together drive an 18.8 million increase in vehicle assembly volumes between 2016 and 2023. These growth predictions are also aligned to PwC's economic growth projections that state that by 2050 China will account for about 20% of the Global GDP, followed by India at 15%.





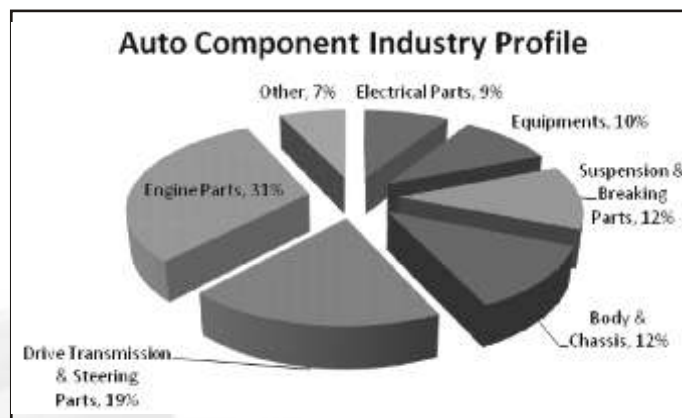
India is already the Sixth largest automobile producer in the world, having achieved an average annual production of over 25 million units in 2016 - 17. With a favorable policy framework building up in the country, the sector is expected to see further growth. The Government's policy of automatic approval for foreign equity investment up to 100%, with no minimum investment criteria, has encouraged increased foreign investment in the sector. The cumulative Foreign Direct Investment (FDI) into India's automobile industry between April 2000 – September 2016 stood at USD 15.80 billion.

With the Automotive Mission Plan 2016-26 in place, the Indian Automotive industry plans to be a top job creator in the country, adding about 65 million jobs during this period. In addition, the NATRiP project, set up at a total cost of USD 585 million, will enable the sector to adopt and implement global performance standards. With a view to contributing towards national fuel security, the Indian Government has committed itself to making India a global leader in two-wheeler and four-wheeler Electric Vehicles by 2020. The target, under NEMMP 2020, is to put about 6 million electric & hybrid vehicles per annum on the road by 2020.

As India's Automobile Sector grew over the last decade, the country's automotive components industry scaled three times to USD 39 billion in 2015-16 with exports growing even faster to USD 10.8 billion. Two Wheelers continued to lead total automobile sales, with motorcycles dominating the profile at 65% of total sales of the segment. Going forward, the sector is expected to grow by around 7 to 8% in 2017-18 and register a turnover of US\$ 100 billion by 2020. This growth is expected to come on the back of an increasing Original Equipment Manufacturers (OEM) focus on localization and higher per vehicle component content. Exports are expected to increase to about US\$ 80- US\$ 100 billion by 2026 from the current US\$ 11.2 billion.

With an increasing shift towards electric, electronic and hybrid cars, as the definition of mobility undergoes change, newer avenues are opening up for the transportation industry. Over the next decade, as the auto components sector harnesses these newer verticals and opportunities, there will also be a need to adapt to the change via systematic research and development.

Over the years, the Indian auto component industry has developed its capability in manufacturing all kinds of components required to manufacture vehicles. This is evident from the high levels of indigenization/localization achieved by the automobile industry. The domestic industry has now holistic capability to manufacture an entire range of automotive 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 automotive 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.



### Performance of the Company

As I have mentioned in my previous communication to you, we have seriously considered an organic as well as inorganic growth strategy. I am glad to inform you that your company has successfully made an acquisition in the North American Free Trade Agreement (NAFTA) Region.

Your Company is no longer confined only to its domestic manufacturing facilities, but has made its presence felt globally. Your Company is confident that exposure to the global environment will lead to strong growth opportunities. In the years to come your Company plans to expand its Global presence further and succeed in new areas, always keeping the customer requirement at the centre of its growth plans.

Long and tiring discussions, due diligence exercises performed by highly reputed consulting, accounting and legal firms, followed by detailed legal documentation culminated finally, on March 1, 2017 in your Company acquiring Teutech Industries, Inc ('Teutech') and their group Companies at a consideration of CAD 58 million. Teutech and its group companies, with consolidated sales exceeding CAD 50 million, are strategically located in Canada and USA. These acquisition have been made keeping in mind the strategy to integrate into the Global Value Chain (GBV), with a footprint in an important and essential geography. Teutech's business, which primarily is in the manufacture and sale of transmission and drive line components, is similar to that of your Company.

Our journey of growth and success is a testament to the talent and resourcefulness of our people. Guided by a spirit of entrepreneurship, they have actively sought out opportunities to drive efficiencies and support business growth. I would like to thank them wholeheartedly for their passion, dedication and hard work.

During 2016-17 we made continued progress across several areas. Despite many headwinds, especially in the 2nd half of the year, your Company was able to, more or less, match previous year's performance. The total turnover stood at Rs. 45,261.60 lakhs compared to Rs. 45,224.92 lakhs during the previous year. The Company recorded an export turnover of Rs. 10,492.79 lakhs, compared to Rs. 10,784.47 lakhs during the previous year.

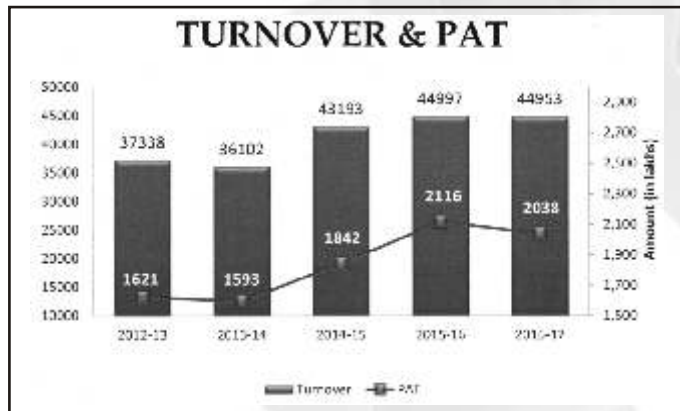
The Profit Before Tax stood at Rs 3,186.00 lakhs as compared



to Rs 3,359.94 lakhs in the previous year. The Net Profit After Tax of the Company was Rs. 2,038.01 lakhs as compared to Rs 2,116.42 lakhs in the previous year. Earnings Per Share (EPS) of the Company stood at Rs. 10.86.

Post consolidation with Wholly Owned Subsidiaries, the turnover stood at Rs. 47,569.52 lakhs (net of excise duty & including other income) With the acquisition becoming effective on March 1, 2017 only one month's financials are included in the consolidated financials, thus not reflecting a significant increase from the standalone figures. The consolidated financials of the Company with its subsidiaries are attached to this Annual Report.

Recognizing the importance of sharing the gains with the shareholders, who have placed their funds and trust in the Company at all times, an amount of Rs. 469.20 Lakhs is being paid out by way of dividends. Dividend tax calculated at Rs 95.52 lakhs is being deposited accordingly.



A journey of excellence is an ongoing one ,with continuous improvement and learning. This is also important for Quality to become a way of life. The three signposts which guide us in our journey towards excellence in quality include technology, training and sustainability. While technology opens the door to scientific data management and improved controls, continuous training helps us create the right focus and environment in the workplace. Continuous improvement is the key to sustaining and consistently delivering on quality parameters. Your Company will continue to leverage its position and also rely on building its relationships and product development plans to grow.

The T&EC Plant has been awarded/recognised as a Zero Defect Supplier by Cummins, a major customer. Your Company has further identified Customers as well as potential partners with whom your Company has planned to go ahead. Most importantly, the T&EC Plant of your Company renewed its commitment towards green manufacturing with its Green 'ECOFAC' plant which has been accorded the Platinum level Certification by Indian Green Building Council. The Company has strong belief that continuous improvement (Kaizen) is the way of life and employee motivation is a must to sustain and improve the culture. Regular Kaizen competitions are conducted to award the best performers and winners.

The Board of Directors and the entire team is working hard to enable the company to achieve these plans. Going forward, the export programs are also expected to gain momentum. Overall, the focus will continue to be on quality delivery at optimum costs.

The newly launched Car Transmission Vertical to cater to the

ever growing need for Car Transmission components in both the domestic and export markets is running as per operating plan and contributing to the growth of the Company. Further, your company is amongst the very few technology upgraded companies, that has the capacity to supply 9-10 speed car transmission components.

The automotive industry is bracing itself for its biggest engineering challenge in the times to come. The Corporate Average Fuel Economy (CAFÉ) regulations call for an increase in fuel efficiency through improving the quality of Transmission Equipments on a continuous basis. We are striving to improve and build our credibility in the Global markets by offering quality products. For a manufacturer to provide this level of performance, efficiency, and quality, requires a serious commitment; your Company not only believes in these tenets but is willing to leave no stone unturned in achieving the same. Your Company has always promoted and encouraged 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.

Turning to people, your Company believes that people are its greatest 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 and become increasingly valuable 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. With this strong belief, your company continues to invest in building its most significant asset, its people.

Your Company has further identified both the customers and potential partners with whom your company will go ahead. In addition, with a strong will to establish its footprint in Southern India, the Management is exploring various opportunities and will take action at an opportune time. Overall, the focus will continue to be on delivering quality at optimum costs.

In respect of internal controls, your company has been working with the Internal Auditors of the Company with the objective of strengthening internal controls, improving internal processes and they have been reporting to the Audit Committee of the Board regularly every quarter. Further, to have better and sustainable controls, a new ERP system ( SAP S4 HANA) is also under implementation. Management is hopeful that with the new system in place, it will have even better and prompt generation of MIS for effective controls.

Further, I am pleased to inform you that the journey of growth, which began in a small way, has been gathering momentum with each passing year, adding new dimensions and ventures in different geographies. In this eventful journey, each year has been packed with achievements that underline our committed performance.

On behalf of 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. Our sincere thanks to our valued customers, supply chain partners, banks and all our employees for their valuable and continuing support in all our endeavors.

**Pranav Kapuria**  
Managing Director





# DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the 31st Annual Report of your Company, together with the audited statement of accounts for the financial year ended 31st March, 2017.

## Financial Results

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

(Rs. in lakhs)

Particulars	2016-2017	2015-2016
Sales (net of excise duty)	44,953.86	44,997.29
Other Income	307.74	227.63
Total Income	45,261.60	45,224.92
Profit before Depreciation, Interest & Taxes (PBDIT)	5,728.33	5,882.30
Depreciation	2,348.20	2,273.09
Profit before Interest & Taxes (PBIT)	3,380.12	3,609.21
Financial Charges	194.12	249.27
Profit before Taxes (PBT)	3,186.00	3,359.94
Provision for Taxes	1,147.99	1,243.52
Profit after Tax (PAT)	2,038.01	2,116.42
Balance of profit brought forward	11,645.66	10,309.05
Balance available for appropriation	13,683.68	12,425.48
Dividend	469.20	563.04
Tax on dividend	95.52	116.77
Transfer to General Reserve	100.00	100.00
Balance Surplus in P & L Account	13,301.31	11,645.67
Paid-up Equity Share Capital	1,876.80	1,876.80
Earnings Per Share (EPS)	10.86	11.28

## General Information

The year gone by witnessed many long awaited key reforms. The reforms are forward looking and aiming at the aiding growth, revival and overcoming the structural constraints in the Indian Economy. The Economy grew at 7.1% in the previous year, despite many short term impact of the reforms on the economy. Still, growth rebounded in the three most crucial components of industrial sectors, ie mining, manufacturing and electricity. The period gone by was very eventful, it saw many curves in a single year, such as demonetisation of larger denomination value currency notes, ban on running of diesel commercial vehicle in big cities, introduction of BS IV vehicles and introduction of GST.

One of the major job creator, Indian automobile industry is fulfilling its duty well. In parallel, it is biggest FDI earner, GDP contributor. After seeing challenging times, the industry is now in growth mode from last few years. All segments of the automobiles registered good amount of growth except for the three wheelers. The domestic sales of Passenger Vehicles and Commercial Vehicles grew by 9.23 % and 4.16 % respectively, during April- March 2017. Scooters, Motorcycles and Mopeds registered a growth of 11.39 %, 3.68 % and 23.02 %

respectively taking Two Wheeler sales growth to 6.89 % for the year.

The sector's exports for the year slowed down during the year, with overall automobile exports declining by (-) 4.50 %. While Passenger Vehicles and Commercial Vehicles exports registered a growth of 16.20 % and 4.99 % respectively, exports of Three Wheelers and Two Wheelers declined by (-) 32.77 % and (-) 5.78 % respectively in April-March 2017 over April-March 2016.

The Indian auto components industry is going through a transformational period with the concept of mobility changing continuously. As you may be aware that Indian Markets are host to second largest market for two wheelers and third for small cars. The prospects of the Industry is to benefit over next years are good.

## State of Company Affairs

Detailed information on the operations of the Company and the state of affairs of the Company are covered in the Management Discussion & Analysis Report, forming part of this report. The performance of the Company remained satisfactory during the year 2016-17. Had the demonetisation impact was not there, the numbers would have been much better. Still, the Company could catch the same figures, as of previous year and stood flat on turnover etc. The total revenue from operations (net of excise) stood at Rs. 44,953.86 lakhs as compared to Rs. 44,997.29 lakhs in FY 2015-16, registering a de growth of 0.09%. The profit before tax stood at Rs 3,186 lakhs as compared to Rs 3,359.94 lakhs in previous year. Similarly, the Net profit after tax of the Company is Rs. 2,038.01 lakhs as compared to Rs. 2,116.42 lakhs in previous year, registering negative growth of 3.70%.

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 2017 was Rs. 1876.80 lakhs. 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 12.5% i.e. Rs. 1.25 per equity share amounting to Rs. 234.60 lakhs 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 12.5% i.e. Rs. 1.25 per equity share, resulting in an another payout of Rs. 234.60 lakhs. The total dividend payout stands at Rs 469.20 lakhs (Previous year Rs 563.04 lakhs) & tax on dividend comes to Rs 95.52 lakhs (Previous year 116.77 lakhs). Additionally, an amount of Rs. 100 lakhs 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 31st 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.

## Change in the nature of business

There was no change in the nature of the business of the company during the financial year.

## 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, 2017 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.

Further, the Company has adopted Indian Accounting Standards (INDAS) with effect from 1 April, 2017.

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

During the year, the Company incorporated a Wholly Owned Subsidiary Company in Canada viz. 2545887 Ontario Inc. ("254") and subscribed 1,98,32,000 common shares of CAD \$ 1 each. "254" has in turn acquired the 100% shares of 2504584 Ontario Inc., Canada ("250") and Teutech Industries Inc., Canada ("Teutech") effective from March 01, 2017. Both "250" and "Teutech" have some existing subsidiary companies in Canada and USA respectively. 2323532 Ontario Inc is the subsidiary of "250" and Teutech Holding Co., Teutech Leasing Co and Teutech LLC are the subsidiary companies of "Teutech". Pursuant to the provisions of the Companies Act, 2013, all such Companies have become the step down subsidiary companies of the Company. There is no reverse investment by the subsidiary companies in the share capital of the Company.

The Board have duly reviewed the affairs of the subsidiary companies, wherein, 254 and Teutech are considered to be 'Material Subsidiary' companies, pursuant to Regulation 24 of the SEBI (LODR) Regulations, 2015. Further, there is no material change in

the subsidiary companies and the Company has taken note of all the significant transactions and arrangements entered into by its subsidiaries. The other details are provided in MGT-9 & AOC -1 attached to this report.

In accordance with the provisions of the Companies Act, 2013 and applicable accounting standards the standalone and consolidated financials together with the reports of Statutory Auditors are provided in the Annual Report.

#### Directors, KMPs and Evaluation

The Board is duly constituted with proper balance of Executive, Non-Executive, Independent Directors & Whole Time Directors. The Independent Directors have given declaration regarding their meeting of criteria of independence as provided in section 149(6) of the Companies Act, 2013. The other information is as under:

##### a. Retire by Rotation

Independent Directors are not liable to retire by rotation. Mr. R.C Jain, Non-Executive Director and Mr. Pranav Kapuria, Managing Director, being longest in the office, retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for the re-appointment.

##### b. 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.).

During the year, Mr. Alok Agarwal, Chief Financial Officer resigned and Mr. Vijay Mathur, Senior General Finance was appointed to act as Chief Financial Officer. Detailed information regarding Directors is provided in the Corporate Governance Report.

##### c. Independent Directors

The Board has 6 (Six) Independent Directors, including one woman Director, representing diversified fields and expertise. Details are provided in the appropriate section of the Corporate Governance Report.

The Independent Directors have submitted their declarations of independence, as required pursuant to provisions of section 149(7) of the Act and the Listing Regulations, stating that they meet the criteria of independence as provided in sub-section (6).

##### d. Meetings of the Board

The Board met 5 (five) times during the period 2016-17 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.

##### e. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the Board carried out an formal annual performance evaluation of its own performance,



the Chairman, directors individually and the working of the different committees. Such evaluation was done through the established evaluation framework and the SEBI Guidance Note. The framework included different tools such as individual questionnaire, covering various information required to have the evaluation. All the layers of the Board, such as Board, Committees and the Independent Directors performed their part by evaluating the performances of the holders as mandated.

#### Auditors

##### a) Statutory Auditors

M/s Gupta Vigg & Company, Chartered Accountants, (Firm Registration No. 001393N) the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. Pursuant to provisions of section 139 of the Act and the Rules made thereunder, M/s. Gupta Vigg & Company, Chartered Accountants are not eligible to be re-appointed as the Statutory Auditor of the Company due to mandatory rotation of Auditors. The Board upon the recommendation of Audit Committee proposes to appoint M/s O.P. Dadu & Co., Chartered Accountants (Firm Registration No. : 001201N) as the Statutory Auditors of the Company for the period of five years from the conclusion of ensuing 31st Annual General Meeting till the conclusion of 36th Annual General Meeting to be held in the year 2022-23 subject to their ratification by the shareholders of the Company at every Annual General Meeting of the Company at a remuneration as may be decided by shareholders. 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 relating 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 2017 - 2018. 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 31st 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.

##### Investor Education and Protection Fund ('IEPF')

Pursuant to the applicable provisions of the Companies Act and rules made there under, all unpaid or unclaimed dividends are required to be transferred by the Company to IEPF after the completion of seven years. Similarly, the new rules provide that, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account to be prescribed by the IEPF Authority.

In terms of the rules dated 05 September, 2016 and the amendment thereof vide notification dated 28 February, 2017, the necessary communications have been made to the respective shareholders whose shares are required to be transferred to the IEPF so as to enable them to claim their dividend attached to such shares before such dividend and shares are transferred to IEPF and further, the necessary information in this regard is available on the website of the Company i.e. [www.thehitechgears.com](http://www.thehitechgears.com) for the convenience of the shareholders.

In view of this, those shareholders whose dividend is unpaid/unclaimed must claim it at the earliest. The Equity shares once transferred into IEPF can only be claimed by the concerned shareholder from IEPF Authority after complying with the procedure prescribed under the Rules and the amended Rules.

##### 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 Rule 8(3) of the Companies (Accounts) Rules, 2014, 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 together with its contents.

#### 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 Company have adopted & developed a Policy covering the activities mentioned in Schedule VII of Companies Act, 2013, upon the recommendation of CSR Committee. Implementation of the policy is undertaken under the guidance of Committee and a 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.thehitechgears.com>.

#### 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 2016-17, 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 31st March, 2017 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 2017-2018 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

99.33% 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.





### Remuneration Policy

In terms of provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Listing Regulations, a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees has been adopted by the Board of Directors of the Company in pursuance of its formulation and recommendation by the Nomination and Remuneration Committee thereby analyzing the criteria for determining qualifications, positive attributes and independence of a Director. The said policy is annexed as Annexure -VII to this report and is also available on the website of the Company at [www.thehitechgears.com](http://www.thehitechgears.com).

### 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. 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 [www.thehitechgears.com](http://www.thehitechgears.com).

### 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 guarantee covered under the provisions of section 186 of the Companies Act, 2013.

The details of the investments made by the 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 : August 04, 2017

Deep Kapuria  
Chairman

# ANNEXURES TO THE DIRECTORS' REPORT

## ANNEXURE - I

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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 **31st March, 2017**, 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 **31st March, 2017** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iii) 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;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were **applicable** to the Company under the financial year under report :-
  - 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 Secretarial Standards issued by The Institute of Company Secretaries of India.

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 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 in Wholly Owned Subsidiary abroad were 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** during the period under review, the Company had received the following notices and made the replies to the same:

- a) The Registrar of Companies, Rajasthan in its letter number ROC/CSR/2015-2016/4398 dated 5th October 2016 have sought for the clarification for violation of Section 135, read with section 134(3)(o) of the Companies Act 2013. The same was duly replied by the Company in its letter dated 18th October 2016, stating the specific compliance asked by the Registrar of Companies, was duly addressed in the Directors' Report. Hence, no violation was committed by the Company.
- b) The Cost Audit Branch of Ministry of Corporate Affairs, in its letter number 52/16/CAB/2017 dated 27th March, 2017 have sought for the clarification for the compliance of Section 148(8) of the Companies Act, 2013, for the Financial Year 2014-2015. The same was duly addressed by the Company in its reply dated 31st March, 2017, wherein it was stated that for the Financial Year 2014-2015 the Cost Audit was not applicable to the Company, hence, it was not required to undertake the Cost Audit.

**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)**

**M. No.: 29525**

**C.P No.: 12770**

**Place :** New Delhi  
**Date :** 26.05.2017

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)**

**M. No.: 29525**

**C.P No.: 12770**

**Place :** New Delhi  
**Date :** 26.05.2017



## ANNEXURE - II

**FORM NO. MGT 9****Extract of Annual Return****as on financial year ended on 31.03.2017**

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management &amp; 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, Distt. Alwar, Rajasthan, India. Tel: (01493) 665000.
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	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 Website: <a href="http://www.masserv.com">www.masserv.com</a> 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)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Manufacture of diverse parts and accessories for motor vehicles such as brakes, gearboxes, axles, road wheels, suspension shock absorbers, radiators, silencers, exhaust pipes, catalyser, clutches, steering wheels, steering columns and steering boxes etc.	29301	100%

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

S. No.	Name and Address of the Company	CIN/GLN	Holding /Subsidiary/ Associate	% of shares held	Applicable Section
1.	2545887 Ontario Inc. Suite 1600, 1 First Canadian Place-100 King Street West Toronto ON M5X 1G5 Canada	Ontario: 2545887	Subsidiary	100	Section 2(87)
2.	Teutech Industries Inc. 361, Speedvale Avenue West, Ontario, N1H1C7	Ontario : 1965917	Step down Subsidiary	100	Section 2(87)
3.	Teutech Holding Corporation Suite 606, 1220 N. Market Street, Wilmington, Delaware, 19801, County of Newcastle	Delaware: 98-0414627	Step down Subsidiary	100	Section 2(87)
4.	Teutech, L.L.C. 416 Owens Drive, Huntsville, Alabama, 35801	Alabama : 20-0424638	Step down Subsidiary	100	Section 2(87)
5.	Teutech Leasing Corp 400 Meridian Street, Suite 301, Huntsville, Alabama, 35801	Alabama : 20-0504993	Step down Subsidiary	100	Section 2(87)
6.	2504584 Ontario Inc. 361, Speedvale Avenue West, Ontario N1H1C7	Ontario: 2504584	Step down Subsidiary	100	Section 2(87)
7.	2323532 Ontario Inc. 361, Speedvale Avenue West, Ontario N1H1C7	Ontario: 2323532	Step down Subsidiary	100	Section 2(87)



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as %age of Total Equity)**  
**A - Category-wise Share Holding**

	Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(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
B.	Public Shareholding									
1.	Institutions	-	-	-	-	-	-	-	-	-
a)	Mutual Funds	-	800	800	0.01	-	800	800	0.00	0
b)	Banks / FI	18997	900	19897	0.11	25406	900	26306	0.14	0.03
c)	Central Govt	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	2700	-	2700	0.01	-	-	-	-	(0.01)
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FII's	1000	-	1000	0.01	-	-	-	-	(0.01)
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total (B)(1):-	22697	1700	24397	0.13	25406	1700	27106	0.14	0.01
2.	Non-Institutions									
a)	Bodies Corp.									
i)	Indian	1743079	10672	1753751	9.34	1483865	10672	1494537	7.96	(1.38)
ii)	Overseas	0	0	0	0	0	0	0	0	0
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto Rs. 2 lakh	2344756	109061	2453817	13.07	2490084	104521	2594605	13.82	0.75
ii)	Individual shareholders holding nominal share capital in excess of Rs 2 lakh	4012579	0	4012579	21.38	3967077	0	3967077	21.14	(0.24)
c)	Others (NBFCs registered with RBI)	-	-	-	-	243	0	243	0.00	0.00
	Non Resident Indians Including on Repatriable basis/Non-Repatriable basis	93332	0	93332	0.50	228414	0	228414	1.22	0.72
	Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
	Foreign Nationals	-	-	-	-	-	-	-	-	-
	Any Other/ Clearing Members	51503	0	51503	0.27	77397	0	77397	0.41	0.14
	Trusts	-	-	-	-	-	-	-	-	-
	Foreign Bodies - D R	-	-	-	-	-	-	-	-	-

	Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Sub-total (B)(2):-	8245249	119733	8364982	44.57	8247080	115193	8362273	44.56	(0.01)
	Total Public Shareholding (B)=(B)(1)+(B)(2)	8267946	121433	8389379	44.70	8272486	116893	8389379	44.70	0.00
C.	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	18638567	129433	18768000	100.00	18643107	124893	18768000	100.00	0.00

#### B) Shareholding of Promoter-

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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
	Total	10378621	55.30	-	10378621	55.30	-	0.00





**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 01st April, 2016 to 31st March, 2017.

**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Top Ten Shareholders	Shareholding at the beginning of the year (April 1, 2016)		Top Ten Shareholders	Shareholding at the End of the year (March 31, 2017)	
	No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
Nemish S Shah	767049	4.09	Nemish S Shah	767049	4.09
Anuj Anantrai Sheth	759959	4.05	Anuj Anantrai Sheth	759959	4.05
Nemish S Shah(HUF)	580000	3.09	Nemish S Shah(HUF)	580000	3.09
Mukesh Chimanlal Patani	536762	2.86	Mukesh Chimanlal Patani	536762	2.86
Anvil Share And Stock Broking Pvt. Ltd	351380	1.88	Hiten Anantrai Sheth	285000	1.52
Hiten Anantrai Sheth	285000	1.52	Prescient Wealth Management Pvt Ltd	223990	1.19
Prescient Wealth Management Pvt Ltd	223990	1.19	Shamyak Investment Pvt. Ltd. (formerly known as Amrit Petroleums Pvt Limited)	179600	0.95
Shamyak Investment Pvt. Ltd. (formerly known as Amrit Petroleums Pvt Limited)	179600	0.95	Gagandeep Credit Capital Pvt Ltd.	148376	0.79
Gagandeep Credit Capital Pvt Ltd.	148376	0.79	Prescient Securities Private Limited	142292	0.76
Zafar Ahmadullah	133000	0.70	Zafar Ahmadullah	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 (01-04-16 to 31-03-2017)	% of total Shares of the Company
		No. of Shares at the beginning (01-04-16)/ end of the year (31-03-17)	% of total shares of the Company				No. of Shares	
<b>A DIRECTORS</b>								
1	Mr. Deep Kapuria	3117461	16.61	1-Apr-16			3117461	16.61
		3117461	16.61	31-Mar-17	-	-	3117461	16.61
2	Mr. Pranav Kapuria	848102	4.52	1-Apr-16			848102	4.52
		848102	4.52	31-Mar-17	-	-	848102	4.52
3	Mr. Anuj Kapuria	844062	4.50	1-Apr-16			844062	4.50
		844062	4.50	31-Mar-17	-	-	844062	4.50
4	Mr. Sandeep Dinodia	0	0.00	1-Apr-16			0	0.00
		0	0.00	31-Mar-17	-	-	0	0.00
5	Mr. Ramesh Chandra Jain	0	0.00	1-Apr-16			0	0.00
		0	0.00	31-Mar-17	-	-	0	0.00

S. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01-04-16 to 31.03.2017)	% of total shares of the Company
		No. of Shares at the beginning (01-04-16)/ end of the year (31-03-17)	% of total shares of the Company				No. of Shares	
6	Mr. Anil Kumar Khanna	0	0.00	1-Apr-16			0	0.00
		0	0.00	31-Mar-17	-	-	0	0.00
7	Mr. Bidadi Anjani Kumar	0	0.00	1-Apr-16			0	0.00
		0	0.00	31-Mar-17	-	-	0	0.00
8	Mr. Vinit Taneja	5600	0.03	1-Apr-16			5600	0.03
		5600	0.03	31-Mar-17	-	-	5600	0.03
9	Mr. Krishna Chandra Verma	0	0.00	1-Apr-16			0	0.00
		0	0.00	31-Mar-17	-	-	0	0.00
10	Mr. Prosad Das Gupta	0	0.00	1-Apr-16			0	0.00
		0	0.00	31-Mar-17	-	-	0	0.00
11	Ms. Malini Sud	0	0.00	1-Apr-16			0	0.00
		0	0.00	31-Mar-17	-	-	0	0.00
<b>B Key Managerial Personnel</b>								
12	Mr. Alok Agarwal (CFO)	0	0.00	1-Apr-16			0	0.00
		0	0.00	26-May-16	-	-	0	0.00
13	Mr. Vijay Mathur (CFO) (01.11.2016-31.03.2017)	0	0.00	1-Nov-16			0	0.00
		0	0.00	31-Mar-17	-	-	0	0.00
14	Mr. S.K. Khatri	0	0.00	1-Apr-16			0	0.00
		0	0.00	31-Mar-17	-	-	0	0.00

#### V) INDEBTEDNESS -

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in Lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4154.69	-	-	4154.69
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.92	-	-	0.92
<b>Total (i+ii+iii)</b>	<b>4155.61</b>	<b>-</b>	<b>-</b>	<b>4155.61</b>
Change in Indebtedness during the financial year				
* Addition	9043.84	-	-	9043.84
* Reduction	13.28	-	-	13.28
<b>Net Change</b>	<b>9030.55</b>	<b>-</b>	<b>-</b>	<b>9030.55</b>
Indebtedness at the end of the financial year				
i) Principal Amount	13185.25	-	-	13185.25
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	26.27	-	-	26.27
<b>Total (i+ii+iii)</b>	<b>13211.52</b>	<b>-</b>	<b>-</b>	<b>13211.52</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Lakhs)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Deep Kapuria (Chairman) 2016-17	Mr. Pranav Kapuria (MD) 2016-17	Mr. Anuj Kapuria (WTD) 2016-17	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	114.51	43.30	35.90	193.70
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	9.60	8.46	9.31	27.37
	(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				
	- as % of profit				
	- others, specify	*19.69	*24.65	*24.65	*68.99
5	Others, please specify	NIL	NIL	NIL	NIL
	Total (A)	143.78	76.41	69.84	290.06
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 2016-17, however the same is still to be disbursed

### B. Remuneration to other directors

(Amount in Lakhs)

S. No.	Name of the Directors & Designation	Commission (Rs)	Sitting Fees (Rs)	Total Amount (Rs)
1	Mr. Sandeep Dinodia, Independent Director	1.91	1.40	3.31
2	Mr. K.C. Verma, Independent Director	1.91	1.20	3.11
3	Mr. Vinit Taneja, Independent Director	1.91	0.90	2.81
4	Mr. Anil Kumar Khanna, Independent Director	1.91	0.70	2.61
5	Mr. R.C. Jain, Non-Executive Director	1.91	0.50	2.41
6	Mr. Bidadi Anjani Kumar	1.91	0.40	2.31
7	Mr. Prosad Dasgupta, Independent Director	1.90	0.30	2.20
8	Ms. Malini Sud, Independent Director	1.90	0.40	2.30
	Total (B)	15.26	5.80	21.06
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, i.e 11% of the net profit of the Company as calculated as per section 197, 198 & other applicable provisions of Companies Act, 2013. Out of this 10% is utilized for remuneration to whole time directors and 0.5% to non executive directors (other than sitting fee)

Total Managerial Remuneration (Total A+B) is Rs. 305.32 lakhs.



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

(Amount in Lakhs)

S. No.	Particulars of Remuneration	Mr. Alok Agarwal CFO (Resigned on 26.05.2016) 2016-17	Mr. Vijay Mathur CFO (Appointed w.e.f.01.11.2016) 2016-17	Mr. S.K. Khatri CS 2016-17	Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14.63	11.86	16.98	43.47
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	0.02	0.01	0.03
	(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	NIL		NIL	NIL
	- as % of profit	NIL		NIL	NIL
	- Others, specify...	NIL		NIL	NIL
5	Others, please specify	NIL		NIL	NIL
	Total	14.63	11.88	16.99	43.50

**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					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
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, 2017.

#### 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:

- Replacement of halogen street lights with LED lights
- Energy conservation by adaptation & continuous running of VFD in 570 CFMAir compressor.
- Installation of VFD on 37 KW Compressor
- Energy conservation by reduction of generated pressure of Air Compressor by 1 Bar by adaptation of Air boosters at machines and furnaces with high pressure requirement.
- Maintaining temperature of panel AC's of machines in range of 28 to 30 C
- Reduction of energy costs by maintaining supply Power Factor at more than 0.99.
- Energy Conservation by Automation of CNC machines by auto switching Off of Hydraulic electric motors & chip conveyor motors when machine stopped for more than 3 minutes
- Systematic maintenance and loss reduction in Induction Furnaces for reduction of energy consumption per ton.
- Drip Irrigation system for the Shrub, Grass and the Plant to reduce the water consumption
- 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.
- Maintaining Rain water harvesting system in good working condition for maintaining ground water level.
- Use of ETP water for gardening
- Periodic cleaning of Air Filters and preventive maintenance of AHUs.
- Convert all the conventional Air Gun to Transvector Energy Efficient Air Gun (25% air suck from Ambient
- Conversion of LPG to PNG in Canteen and SQF furnace

- Provide Solar Reflexive paint on Roof to reduce the shop floor temp. by 2DegC
- 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 through 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. It has many energy conservation features. The Plant has been upgraded to Platinum from the Gold rating by the Indian Green Building Council.

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

### ANNEXURE III

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) Reduction in process losses by identifying the area of operation.
- c) Development of new products
- d) Measures required for the utilization of the renewable energy
- e) Plans for high & Energy efficient motors to be replaced with old motors.
- f) Project adopted for optimizing the motor capacity in machines.
- g) Conversion of T5 Lamps with LED lamps in Shop floor

v. Expenditure on Research & Development

Development and improvement of products has been an inbuilt and ongoing activity within the existing manufacturing facilities, however management has identified an amount of Rs. 282.62 lakhs on account of Research and Development. Note 44 of the Notes to Accounts may be referred for the details.

### C. FOREIGN EXCHANGE EARNINGS & OUTGO

The Company recorded an export turnover of Rs. 10,492.79 Lakhs compare to Rs. 10,784.47 Lakhs in the previous year, thereby recorded a decrease of 2.70%. The total exports are now 23.18% of the total turnover. The details of Foreign Exchange Inflow and outflow are as under:

	(Rs. in lakhs)
Inflow	10492.79
Outflow	
Capital Equipment	325.50
Others	637.11
Consumables	262.61





## 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. The Company has developed and implemented a policy pursuant to the provisions of section 135 of Companies Act, 2013 read with (Corporate Social Responsibility Policy), Rules 2014. The same is available on the website of the Company.

**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 and available at the website of the Company under the web-link at [www.thehitechgears.com](http://www.thehitechgears.com)

#### 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.2,760.68 Lakhs

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

The Company during the financial year 2016-17 was required to spend Rs. 55.21 Lakhs towards CSR.

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

a) Total amount spent for the financial year; Rs. 55.23 Lakhs

b) Amount unspent, if any; NIL

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

(Amount in Lakhs)

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Locations (Unit)	Amount outlay project/ programs wise	Amount Spent on the project or programs	Cumulative Expenditure upto reporting period	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	48.08	48.08	48.08	Direct
2	Health	Promoting preventive health care and sanitation	Local Area i.e. Haryana & Delhi	5.00	5.00	53.08	Direct
3	Integrated Community Development	Building of tube well, water harvesting & women development	Local Area i.e. Rajasthan & Delhi	2.15	2.15	55.23	Direct

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

The responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

Company Secretary

(Chief Executive Officer or  
Managing Director or Director

(Chairman CSR Committee)

## 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 (Aquarian)	The Hi-Tech Robotic Systemz Limited (HRSL)	Vulcan Electro Controls Limited (Vulcan)	The Hi-Tech Eng. Services Private Limited (HESPL)
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 240 lakhs for the financial year 2016-17	In tune with market parameters estimated annual value of Rs 1,200 lakhs for the financial year 2016-17	In tune with market parameters estimated annual value of Rs 15,000 lakhs for all contracts for the financial year 2016-17	In tune with market parameters estimated annual value of Rs 10,500 lakhs for all contracts for the financial year 2016-17
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 2016-17.
- Out of the above contracts with Vulcan & HESPL are considered material Related Party Transactions.
- During the year under review, the company acquired few company(ies) in US and Canada. Refer Board Report for brief of transactions. The Company has invested Rs. 10,139.07 lakhs in Subsidiary company and reimbursed an amount of Rs. 28.62 lakhs to subsidiary company(ies). The Investment in equity is pursuant to Section 186 is well within the sanctioned limit by the Shareholders. Further Related Party Transactions, if any is exempt within the purview of taking shareholders approval pursuant to Section 188.
- For Material related party transactions, approval of the Shareholders have been obtained.
- For exact value of Related Party Transactions, please refer chapter X of the Corporate Governance Report.

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 31st Directors' Report for the financial year ended on March 31, 2017.

(Rs. In Lakhs )

## ANNEXURE-VI

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	68	Contractual appointment for a period of 5 year w.e.f. 01.01.2017	Overall Control and policy formulation	152.52	*BE (Hons) from B.I.T.S., Pilani *Advance Management Programme from IIM (A) *Lead Assessor Course *Owner Management Programme from Harvard Business School	44	01.01.1987	3117461 (16.61%)	Business
Mr. Pranav Kapuria	Managing Director	42	Contractual appointment for a period of 5 year w.e.f. 01.08.2015	Overall control of day to day management of the Company	79.80	*B. Com (H) from Delhi University *MBA from Cardiff Business School *Certificate Program on Lean Manufacturing from University of Michigan	16	01.08.2000	848102 (4.52%)	With The Hi-Tech Gears Ltd. as Director
Mr. Anuj Kapuria	Whole Time Director	39	Contractual appointment for a period of 5 years w.e.f. 15.05.2015	Overall control of day to day management of the Company	72.72	*BE in Robotic and Automated Manufacture engineering from Sussex university, U.K *Master's Degree in Robotics from Carnegie Mellon University	11	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. There was no employees who was in receipt of remuneration which in aggregate was not less than Rs. 102 Lakhs per annum or was not less than Rs. 8.50 Lakhs per month. Remuneration includes salary, allowance, commission, expenditure on perquisites and Company's contribution to provident fund. Commission is pending for disbursement till the finalization of this Report. 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, 2% or more of the equity shares of the Company. Information pursuant to Rule 5(2) shall be made available to any shareholder on a specific request made by him in writing before the date of Annual General Meeting. 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- 36.94; Mr. Pranav Kapuria, Managing Director- 18.71; Mr. Anuj Kapuria, Executive Director- 16.67

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- 0.72; Mr. Sandeep Dinodia, Independent Director- 0.91; Mr. Vinit Taneja, Independent Director- 0.77; Mr. Prosad Dasgupta, Independent Director- 0.61; Mr. K.C. Verma, Independent Director- 0.86; Mr. R.C. Jain, Non-Executive Director- 0.66, Ms. Malini Sud, Independent Director- 0.64; and Mr. B.A. Kumar, Non-Executive Director- 0.64

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

2. % age increase in the median remuneration of employees is 3.47 % in the financial year 2016-17;
3. There were 824 number of permanent employees (PY 901) on the rolls of company as on 31st March, 2017;
4. The company registered a de growth of 0.09% in total turnover as compared to average remuneration which has gone up by 17.42 %. In the financial year 2016-17.
5. **(a) Financial Performance of the Company** **(Amount in Lakhs)**

S. No.	Particulars	2016-17	2015-16	% Change
1	Turn over of the Company (net of excise duty)	44,953.86	44,997.29	-0.09%
2	Profit Before Tax	3,186.00	3,359.94	-5.18%
3	Profit After Tax	2,038.01	2,116.42	-3.70%

6. (a) The Market capitalization as on 31st March, 2017 was Rs 59,785 Lakhs and Rs 46,676 Lakhs as on 31st March, 2016 which has shown an increase of 28.08 %.
- (b) Price Earnings ratio of the Company was 29.33 as at 31st March, 2017 and 22.05 as on 31st March, 2016 which has shown an increase of 33.02 %.
- (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.



## ANNEXURE - VII

### NOMINATION AND REMUNERATION POLICY

#### 1. Introduction

Pursuant to Section 178 of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company having already constituted the Remuneration Committee, changed the nomenclature of the "Remuneration Committee" to "Nomination and Remuneration Committee" in order to align with the provisions of the Companies Act, 2013 and the amended Listing Regulations.

This Policy has been formulated by the Nomination and Remuneration Committee of the Company and is duly approved by the Board of Directors. This policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, matters relating to the appointment, removal and evaluation of performance of the Directors. This will act as guideline to decide the policy for remuneration of Directors, Key Managerial Personnel, Senior Management and other employees.

#### 2. Objective of the Policy

- To guide the Board in relation to appointment and removal of Directors & Key Managerial Personnel. Senior Management employees may also be appointed/ removed based on the criteria & guidelines mentioned in this Policy.
- To act as guideline, relating to the remuneration for the Directors, KMPs, Senior Management & other employees.
- To evaluate the performance of Independent Directors and the Board.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To assist the Board in fulfilling responsibilities.
- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.

#### 3. Effective Date

This policy shall be effective from Financial Year 2014-15 and may be amended from time to time.

#### 4. Definitions

- 'Board' means Board of Directors of the Company.
- 'Directors' means Directors of the Company.
- 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- 'Company' means The Hi-Tech Gears Limited.
- 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013.
- 'Key Managerial Personnel' (KMP) means-
  - (i) the Chief Executive Officer or the Managing Director or the manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-Time Director;
  - (iv) the Chief Financial Officer;
  - (v) such other officer as may be prescribed, under Section 2(51) read with Section 203 of the Companies Act, 2013 & Rules made thereunder.
- 'Nomination and Remuneration Committee' shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations.
- 'Policy or This Policy' means, "Nomination and Remuneration Policy."

#### 5. Interpretation

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Rules made thereunder, Listing Regulations and/or any other SEBI Regulation(s) as amended from time to time.

## 6. Constitution of the Nomination and Remuneration Committee

The Board has changed the nomenclature of Remuneration Committee constituted on 23rd May, 2009 by renaming it as Nomination and Remuneration Committee on 7th August, 2014. The Nomination and Remuneration Committee comprises of following Directors:

Name	Category	Designation
Mr. Vinit Taneja	Non-executive Independent Director	Chairman
Mr. Anil Kumar Khanna	Non-executive Independent Director	Member
Mr. Sandeep Dinodia	Non-executive Independent Director	Member

Company Secretary of the Company to act as the Secretary of the Committee.

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

## 7. Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required.

## 8. Role of the Nomination and Remuneration Committee

The role of the Committee inter alia will be the following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) To formulate criteria for evaluation of Independent Directors and the Board. A criteria in this regard is prepared & made part of this document.
- c) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance. A criteria in this regard is prepared & made part of this document.
- e) To recommend to the Board the appointment and removal of Directors. If needed Senior Management Personnel may also be appointed/ removed by the Board of Directors based on its recommendation.
- f) To recommend to the Board policy relating to remuneration to Directors, Key Managerial Personnel and Senior Management. A policy in this regard is prepared & made part of this document.
- g) To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h) To devise a policy on Board diversity. A policy in this regard is prepared and made part of this document.
- i) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- j) To perform such other functions as may be necessary or appropriate for the performance of its duties.

### This Policy is divided in four parts for easy understanding:

**Part-I** covers the matter to be dealt with and recommended by the Committee to the Board

**Part-II** covers the appointment, term/tenure, evaluation criteria, removal, retirement etc.

**Part-III** covers the remuneration and perquisites etc.

**Part-IV** others

### PART – I

### MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and if needed Senior Management Personnel.
- Carry out evaluation of every director's performance.
- Recommend to the Board a policy, relating to the remuneration for the directors, KMP and other employees. Necessary Criteria and Policy in this regard is prepared and made part of this document





## **PART – II**

### **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

#### **A. Appointment Criteria of Director, KMP, Senior Management and Other Employees**

- The Committee require or authorize any person in this regard to identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- Appointment of Independent Directors is subject to compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder.
- The Company shall not appoint or continue the employment of any person as Whole- time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- The Management is authorized to decide the requirement of employment of other employees. This includes the Terms & Conditions, pay, remuneration and other part. Employment of other employees will be subject to necessary conditions mentioned in his Employment Letter, Standing Orders & applicable Code of Conduct.

#### **B. Term/Tenure**

##### **Managing Director/ Whole-Time Director/ Manager**

The Company shall appoint or re-appoint any person as its Executive Director, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term. They may be re-appointed subject to the compliance of applicable regulations & approval of Shareholders, Government, wherever required.

##### **Independent Director**

Subject to the provisions of the applicable Regulations, an Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re- appointment on passing of a special resolution by the Company and disclosure(s) of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

A person shall not serve as an independent director in more than seven listed companies. Further, any person who is serving as a whole time director in any listed company shall serve as an independent director in not more than three listed companies.

##### **KMP/ Senior Management Personnel & Other Employees**

The Company shall appoint any person in the position of KMP/ Senior Management in terms of the requirements of the applicable statues or where it is not required, then as per the requirement of the Company. Their continuation is subject to their performance and contribution to the cause for which they have been appointed. They shall be regulated by the term of the employment and shall be treated as whole time executive. They are not allowed to work for gain or otherwise during their employment with the Company, unless have requisite authorization in this regard.

##### **Evaluation**

The Committee shall carry out evaluation of performance of every Director. Upon the requirement of Board of Directors, the Committee to carry out evaluation of performance of KMP and Senior Management Personnel at regular intervals.

#### **C. Disqualifications**

##### **KMPs/ Directors**

A person shall not be eligible for appointment/ reappointment as a Director/ KMP of a Company if he has incurred any of the disqualifications mentioned in Section 164 or any other applicable provisions of the Companies Act, 2013, read with Rules & Listing Regulations and applicable Code of Conduct.

### **Senior Management Personnel/ Employee shall be disqualified**

- if he/ she incurs any disqualification under applicable Standing Orders & Code of Conduct;
- if he/ she holds financial interests that conflict with the conscientious performance of duty;
- if he/ she makes unauthorized commitments or promises of any kind purporting to bind the Company;
- If he/ she allows the improper use of any confidential information to further any private interest;
- on any other ground as may be seem reasonable depending on the circumstances.

### **Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, applicable Standing Orders, Code of Conduct, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director and/ or KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **PART – III**

### **POLICY RELATING TO THE REMUNERATION FOR THE DIRECTORS, KMPs, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES**

The remuneration / compensation / commission etc. to the Directors, KMPs, Senior Management Personnel and other employees may be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required. A policy in this regard is prepared and made part of the document.

### **PART-IV**

### **OTHERS**

#### **Amendments to the Policy**

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.

#### **Deviations from this Policy**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

#### **Dissemination**

The Company's Remuneration Policy shall be published on its website, if required.



# MANAGEMENT DISCUSSION ANALYSIS

## The Macro Economic Environment

India's economy has witnessed a significant economic growth in the previous year despite many challenges. The steps taken by the government have shown positive results as India's gross domestic product (GDP) at constant is estimated Rs 121.90 lakh crore as against Rs 113.81 lakh crore in 2015-16, registering a growth rate of 7.1% in 2016-17. It further said that per capita income at current prices during 2016-17 rose by 9.7% to Rs 1,03,219 as against Rs 94,130 in the previous fiscal. During the year 2016-17, IIP of manufacturing registered a growth of 4.9% in the previous year. India again topped the World Bank's growth outlook for 2016-17 for the second time with the economy having grown 7.1% in 2016-17 (PY 7.6%). Economy is expected to grow at 7-7.75% during FY 2017-18, despite the uncertainties in the global market according to IMF World Economic Outlook Update. The Economic Survey 2016-17 also have forecasted that the Indian economy will be growing by more than 7% for the fourth successive year in 2017-18 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.

The improvement in India's economic fundamentals has further expedited in the year 2016-17. Indian economy has faced many challenges successfully in past and is currently placed on an upswing, on the back of committed policies and a belief of new optimism. In the recent time gone by, the economy faced a tough time with issues like lower growth, high levels of inflation, non availability of capital, and widening current account deficit; escalated by an unsupportive external environment. Growth is now back, with its desirable mild inflation and manageable current account balance with stable rupee and rising foreign exchange reserves, signaling much awaited improvements in macro-economic stability.

FY 2015-16 witnessed but FY 2016-17 confirmed the come back, as growth returned, inflation reduced & external accounts came under control. Now there is visible positivity built around the Indian growth story & India seems to be poised to enjoy another spurt of much awaited growth in all sectors. According to International Monetary Fund (IMF) World Economic Outlook, India now ranks seventh globally in terms of GDP at current prices. India will further strengthen its position due to improved investor confidence, lower fuel and food prices and better policy reforms. Initiatives like "Make in India" and "Digital India" are playing vital role in driving the Indian economy towards north. Further, Foreign exchange reserves touched highest ever level of about US \$ 369.95 billion and the total FDI Investments India received in FY 2016-17 was US \$ 60.1 billion compared to US \$ 55.6 billion in the previous year indicating a significant increase of 8%. 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 2016. Weak trade growth, sluggish investment, subdued wages and slower activity in key emerging markets were the main contributors to slow global GDP growth, essentially the same level as 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. Global recovery will continue to be moderate and uneven. While developed economies, including US are expected to strengthen, aided by lower oil prices, improved employment numbers and low interest rates, most emerging economies are expected to grow moderately, due to country specific reasons- India seems to be an exception. China is trying to align itself with the major slowdown of demand in its domestic & export markets, after seeing a great period for lasting many years. At the same time Japan & Eurozone are still to recover from the shadow of uncertainties. Overall, global economic activity is expected to strengthen in 2017 onwards with most of the momentum coming from mature market economies. Other economies will also show some strength & contribution towards much awaited growth.

## Industry & Segment Dynamics

Indian automotive market is full of tremendous opportunities and is capable of scaling to greater heights. 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. The Indian auto industry is now, 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).

Favourable government policies like implementation of GST, launch of the Automotive Mission Plan, which allows 100 % FDI in the sector 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 commercial vehicle exporter. In April-March 2017, exports of Commercial Vehicles registered a growth of 5% over April-March 2016. In this segment the Medium & Heavy Commercial Vehicles led the growth by registering 24.21 % increase over the last year.

Similarly, the Indian auto components industry has experienced healthy sequential growth over the last three to four years. The growth can be attributed to factors such as resilience in the end-user industry, signs



of recovery of the global economy, improved consumer sentiment and return of adequate liquidity in the financial system. The revival of the auto industry was initially driven by the fiscal stimulus programme of the government and now riding on the success of the automobile sector as such. 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 about 27% to the manufacturing GDP, 4.3% of over all exports and 13% of excise revenue along with huge employment opportunities.

As per ACMA, the performance of the auto component industry in 2016-17 was satisfactory despite a moderate 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.

It is estimated that the Indian auto component industry to register a robust growth in 2016-17 with overall turnover of USD 43-45 billion, compared to USD 39.0 billion in PY. The overall exports from India are also over whelming, with major chunk of exports to US. 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 to grow in similar manner this year also. It is expected that consistent economic growth, especially rural economy with a predominantly youth bulge will further take the industry to new heights.

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 promise 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 2016-17**

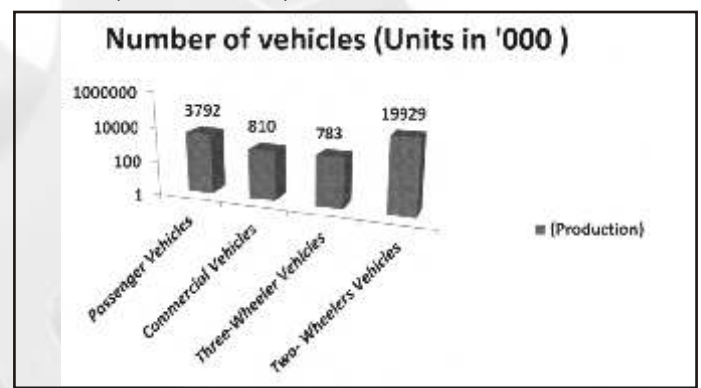
The industry continued the growth momentum and produced a total of 25,316,044 vehicles including passenger vehicles, commercial vehicles, three wheelers and two wheelers in FY 2016-17 as against 24,016,599 in FY 2015-16, registering a growth of 5.41 % over the same period last year.

The Two Wheeler segment registered moderate growth of 5.84 % in FY 2016-17 over previous year by recording total production of 19,929,485 units (PY 18,830,227 units). Within the Two Wheelers segment, Scooters/ Scooterette grew by 12.32 % while Motorcycles and Mopeds registered a growth of 2.09% and 24.55% respectively in FY 2016-17 over the previous year. In recent time, the major attraction in Two Wheeler segment is the scooters/ scooterettes, due to its easy maintenance and city driving convenience.

In 2016-17 the growth was majorly led by the Production of Passenger Vehicles, which grew by 9.42 % by registering the production units of 3,791,540. Within the Passenger Vehicles segment, Passenger Cars, Utility Vehicles and Vans grew by 5.40 % (2,704,600 units), 26.32 % (906,750 units) and (-) 0.59% (180,190 units) respectively.

Commercial Vehicle segment which registered a growth of 3.0% with the recording of total vehicle production to 810,286 units (PY 786,692 units). Within the Commercial Vehicles segment Medium & Heavy Commercial Vehicles (M&HCVs) grew by mere 0.42 % (342,733 units) and Light Commercial Vehicles grew by 4.97 % (467,553 units).

The sad story for Three Wheelers production continued. This category registered again a de-growth of (-) 16.16% % in FY 2016-17 over the same period last year. In Three Wheeler segment production of Passenger Carriers declined by (-) 19.57% (670,978 units), however Goods Carriers showed some respite and registered a growth of 12.34% (112,171 units).



**Vehicle Production**

**Domestic & Export Sales Trends of the Automobile Sector in 2016-17**

The year 2016-17 saw another encouraging year of growth for the Automobile Sector. It showed growth both in Domestic as well as Export Sales. FY 2016-17 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 6.81% in fiscal year gone by registering overall 21,862,128 units against 20,468,971 units in the previous year.

The sales of Passenger Vehicles (PV) in domestic market first time touched 3 million marks by growing 9.23% in FY 2016-17 over the same period last year. PV recorded a figure of 3,046,727 units (PY 2,789,208 units). Within the Passenger Vehicles segment, Passenger Cars, Utility Vehicles and Vans grew by 3.85%, 29.91% and 2.37% respectively.

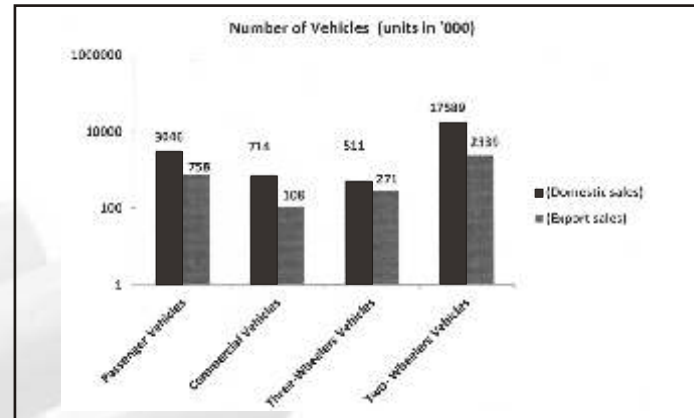
Two Wheelers segment registered a growth of 6.89% in FY 2016-17 over FY 2015-16 by recording a figure of 17,589,511 units (PY 16,455,851 units) in domestic market. Within the Two Wheelers segment, Scooters/ Scooterette grew by 11.39% (5,604,601 units) while the sales of Motorcycles and Mopeds increased by 3.68% (11,094,543 units) and 23.02% (890,367 units) respectively in FY 2016-17 over previous year. Factors like enhanced comfort, versatility and contemporary features, along with youth connect will further drive the sales of Two Wheelers in coming period.

Three Wheelers sales registered a de growth of 4.93 % in the period under review over the same period last year. The total sales were 511,658 units Sales of Goods Carriers increased by 12.75 % in FY 2016-17 (109,624 units) over FY 2015-16 (97,230 units), whereas the Passenger Carrier decreased by (-) 8.83% (402,034 units).

The Commercial Vehicle (CV) 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%, however in 2016-17, its performance again went down and registered a moderate growth of 4.16%. A total of 714,232 units were sold in domestic market compared to 685,704 units in the previous year. Within the CV, Medium & Heavy Commercial Vehicles (M&HCVs) remain flat (302,529 units), however Light Commercial Vehicle (LCV) showed some growth of 7.41% (411,703 units). The Indian Commercial Vehicle segment is likely to see good 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.

Indian Passenger Vehicles are getting good recognition in terms of competitive price and quality. PV registered a handsome growth of 16.20% by selling 758,830 units throughout the globe (PY 653,053 units). However the overall export was hit in FY 2016-17, overall automobile exports registered de growth of 4.50% by exporting 3,479,824 units over the same period last year i.e 3,643,828 units. Export of Commercial Vehicles (M & HCVs) grew by 24.21% (43,719 units), while the Three Wheeler segment registered a de-growth of

32.77 % over the same period last year (271,894 units). Two Wheeler sales also declined by 5.78%, i.e. 2,339,273 units against 2,482,876 units in the PY.



**Domestic and Export Sales**

### Future Outlook

All the stakeholders, led by the Government have been doing all possible means to turn around the economy. However, the expectations are very high from the Government but, realistically the process is expected to take more time than expected. Settling of business as per GST regime, new environmental laws and technological aspects will surely have considerable impact to achieve the higher growth goals. In spite of this, the entire vehicles segment is expected to perform better in FY 2017-18, purely due to better consumer sentiment.

The long term prospects are hence bright & the demand will grow due to various underlying factors including India's rising per capita income, relatively low fuel cost, easy finance, increasing rural demand, growing urbanization, swelling replacement demand etc.

India is now acting as a global manufacturing hub for manufacture of commercial vehicles, small & mid size cars and two wheelers. Rapid increase in sales of the small cars segment in India has prompted a number of global automobile companies to enhance their capacities for domestic as well as export markets. The key drivers of automobile industry's growth are:

- Infrastructure Growth
- Large consumer base and rising income levels
- Changing lifestyles, driving demand for new segments.
- Favorable Government Regulations and Support
- Other major support such as Automatic approval for foreign equity investment up to 100 % of manufacture of automobiles and component is permitted.
- 100% FDI in defense transport equipment such as trucks, jeeps and other means of transportation.
- Easy availability of finance and lower fuel cost.



In addition, with the government's backing and a special focus on exports of small cars, multi-utility vehicles (MUVs), two and three-wheelers and auto components, the automotive sector's contribution to the GDP is expected to double in next few years from the present level.

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. Exports will surely benefit from growth in European passenger and commercial vehicle sales, increasing penetration in south-east Asia.

As per CRISIL, Automotive component players are expected to see 8-10% revenue growth in coming years. 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.

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

### **Risk & Concerns in Auto Component Industry**

The auto component industry is regarded as a low operational cost and low margin business. In view of the slowdown in automobile business, decline was visible in revenues as well as in profit margins. The Auto component industry has been battling with its industry specific issues/ challenges such as:

- Under capacity Utilization
- Infrastructure Challenge & Cost: Roads, Ports, Power
- Imports: Higher than exports
- Fighting the problem of counterfeit parts
- Availability of skilled manpower
- Building R&D competence and Ecosystem
- Fast technological changes

To help the auto component industry, the government has announced several reforms, forward looking policy measures such as 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.

Your company has always achieved excellence in all sphere of business cycle, as 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. It has also proved its excellence in cutting edge innovation and technology to cater to both its domestic and international clients. In coming years with the added advantage of presence in new geographical areas, it will redefine excellence.

### **Opportunities, Threat & Mitigation strategy**

There has been general trend of over dependence in the same segment. To overcome the problem of over dependence 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 major developments in the industry, and is therefore better equipped to overcome the emerging constraints and keen on developing 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 source and raw material for the products of the Company. It is an important 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. Additionally, the Company is not dependent upon the single source/supplier. A core team is constituted which is expert in vendor management and keeps a track on the price of steel. Team negotiates the price in the best interest of the Company keeping many criteria in mind.

**Power:** The other major cost in production is energy cost. Presently the Company is getting power from the State Electricity Board as per the prevailing tariff. The present tariffs are very high and occupy a major portion in the overall costing of the product.

To address the energy cost, the company has implemented a process, whereby it is purchasing electricity through the Electricity Exchange by getting competitive quotes. The process includes quotation and acceptance through Exchange and consuming the electricity in the Plant through pre decided schedule.





**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 grew by 5% in 2016-17. 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 simultaneously OEM expect 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.

**Geographical limitations:** Auto component companies have another issue such as its geographical limitations. Practically, its difficult for them to expand beyond certain geographies. Expanding beyond such limits will provide more fruits in terms of revenue and profits. However, tapping into such markets is also not easy due to many factors such as acceptability, quality of the product, regulations, lack of capital, limited manpower and other resources.

To address the above concerns, the company has been regular in knocking the other geographies. It has almost achieved the exports to the tune of around 25% of the total exports. We are committed to increase this. Further, as explained by the Chairman & MD in their messages, the Company has acquired few entities in the NAFTA region which will be a progressive step in the right direction.

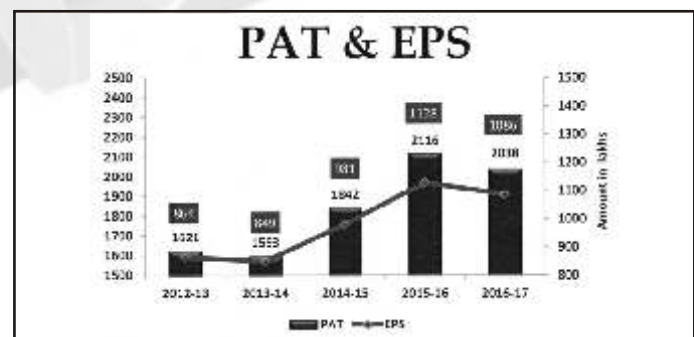
**Regulatory Change:** Regulations are changing to accommodate the awareness about the environmental responsibilities. Stringent emission and safety norms are playing an increasingly important role globally. In the recent past, the government has focused on tighter emission norms be it the implementation of BS-IV

effective 1 April, 2017 for emission requirements or the decision for BS-VI emission norms by 2020 to regulate air pollutants from vehicles. Now, the focus is also coming to battery and hybrid vehicles to promote green vehicles. Of late, safety has also been attracting governmental attention. HGL is committed to comply with all applicable environmental and related regulations. To mitigate this your Company is gearing up for the technological changes in the products, so that it meets the requirements.

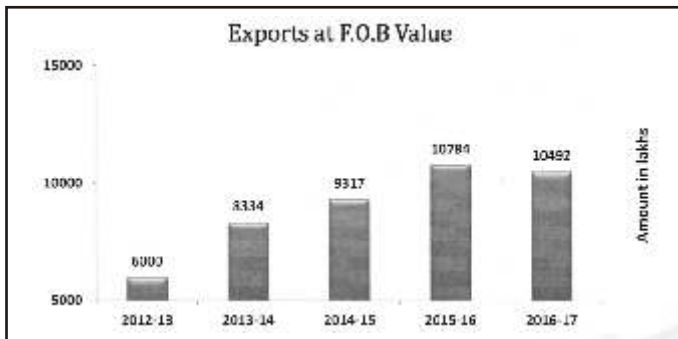
### Brief of Financial Results

The total turnover stood at Rs. 45,261.60 lakhs compare to Rs. 45,224.92 lakhs during the previous year. The Company managed to touch Rs. 450 Crores mark again in terms of revenue from operations. Your Company was able to match the performance with the previous year. Total turnover from operations (net of excise) stood at Rs. 44,953.86 lakhs as compared to Rs. 44,997.29 lakhs in FY 2015-16, registering a negative growth of 0.09%. 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. The profit before tax stood at Rs. 3,186.01 lakhs as compared to Rs 3,359.94 lakhs in previous year, recording a decrease of 5.17%. Earnings per share (EPS) of the Company stood at Rs. 10.86. Similarly, the Net profit after tax of the Company is Rs. 2,038.01 lakhs as compared to Rs 2,116.42 lakhs in previous year, which is about (-) 3.7% compare to previous year.

On the consolidated side, the turnover were recorded from the date of acquisition till the close of financial year as Rs. 51,612.93 lakhs (gross). Net of duties the consolidated revenues stood at Rs. 47,250.72 lakhs. The profit before tax stood at Rs 3,231.59 lakhs. Consolidated financials do not have material difference with the standalone figures, because of short period of their consolidation. The consolidated financials of the Company with its subsidiaries are attached at relevant part of the Annual Report. It is to be noted here that since, the consolidated financials are prepared for the first time, hence comparable figures of the previous period are not available.



The Company recorded an export turnover of Rs. 10,492.79 lakhs compared to Rs. 10,784.47 lakhs during the previous year, recording a decrease of 2.7%. The total exports are 23.18% 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. 469.20 lakhs is being paid out by way of dividends for the year 2016-17 (last year it was Rs. 563.04 lakhs). Out of which an interim dividend of 12.5% was declared and already paid in Feb/Mar 2017 and a final dividend of 12.5% 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 by 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 Plant has been upgraded to Platinum from the Gold category by Indian Green Building Council. This 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.

The Company has added another feather in the cap, in the form of getting certificate of appreciation from Cummins for achieving Zero defect supplies in the calendar year 2016.

India Ratings and Research (IndRa) has upgraded The Hi-Tech Gears Ltd. Long Term Issuer Rating to 'IND A+' from 'IND A'. The outlook is stable. The rating upgrade reflects the growth in HGL's revenue 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 previous years 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 next years.

### 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. These internal audits will continue though the Internal Auditors may be rotated periodically to ensure a fresh approach and outlook every few years.

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 working 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. Further, to have better and sustainable control, a new ERP system is also under implementation.

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 a more stringent manner. Further, the Company has always efficiently used the various components of working capital cycle. It has also effectively controlled the inventories and receivables.

### 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

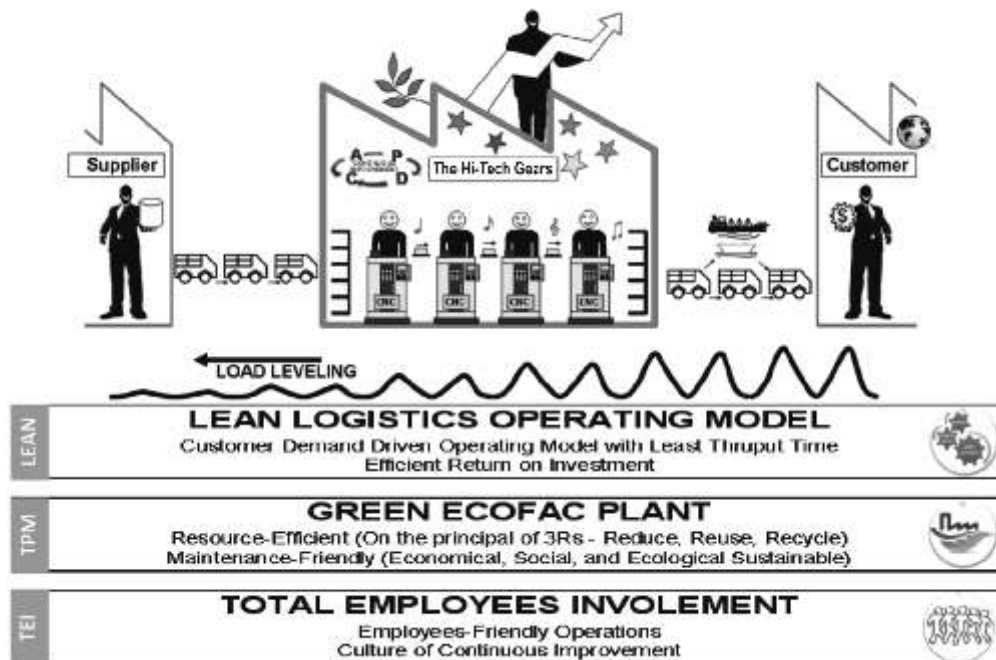
employees & to use them for smooth functioning of the Company & to flow maximum satisfaction among employees.

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.

# Operational Excellence Philosophy





## CORPORATE GOVERNANCE REPORT

Forming part of 31st 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, outcomes of the Board Meetings, constitution of various Committees 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.

The Company has complied with all the mandatory provisions of the Listing Regulations, 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 occupy dual responsibility, i.e., Agent & Fiduciary. 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 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 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 Director, 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 other.

All Directors, Executive or Non-Executive, are professionally competent and experienced in their respective fields. The Details of Directors as on 31st March, 2017 are as follows:-

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



\*Board Committee for this purpose means Audit 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 2016-17**

During the year under review, the members of the Board have met 5 (Five) times to review, discuss and decide about the activities of business of the Company. The dates of the meetings are (1) 26th May 2016, (2) 11th August, 2016 (3) 28th October, 2016, (4) 20th January, 2017, (5) 10th February, 2017.

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. New 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, participants normally discuss, 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 is posted on the website of the Company and any member can visit the Company's website by clicking the link-<http://www.thehitechgears.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 services 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 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	5 (Five)	Yes
Mr. Bidadi Anjani Kumar	4 (Four)	No
Mr. Vinit Taneja	5 (Five)	Yes
Mr. Pranav Kapuria	4 (Four)	No
Mr. Anuj Kapuria	5 (Five)	Yes
Mr. Ramesh Chandra Jain	5 (Five)	No
Mr. K.C. Verma	5 (Five)	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 31st March, 2017. 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 Kumar 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. As part of the evaluation process, the Board has evaluated the working of Audit Committee for the FY 2016-17.

**Meetings and attendance**

The Audit Committee met 5 (Five) times during the financial year 2016-17 on the following dates:

- (1) 26th May 2016, (2) 11th August, 2016 (3) 28th October, 2016 (4) 20th January, 2017, (5) 10th February, 2017.

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	3

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	5	5

**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;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
7. Approval or any subsequent modification of transactions of the company with related parties;
8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the company, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
12. 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;
13. To review the functioning of the Whistle Blower mechanism;
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee, in Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 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. Company Secretary acts as the Secretary of the Remuneration Committee.

The Remuneration Committee consists of three (3) Independent Non-Executive Directors.

As part of the evaluation process, Board has evaluated the working of Nomination & Remuneration Committee for the FY 2016-17.

##### Meetings and attendance

The Nomination & Remuneration Committee met Three (3) times during the financial year 2016-17 on 24th May, 2016, 10th August, 2016 and 26th October, 2016.

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	3	3
Mr. Sandeep Dinodia	Member	Independent Director	3	3
Mr. Anil Kumar Khanna	Member	Independent Director	3	1

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

1. 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;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;

4. Formulate a Remuneration Policy as specified under Section 178 of the Companies Act, 2013, from time to time.
5. 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.
6. Carrying out any other function as is mentioned in the terms of reference of the Nomination & Remuneration Committee, in Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 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 7th 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 is provided as an **Annexure VII** to the Board Report.

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

1. The details of the remuneration paid/payable to the Chairman, Managing Director and Whole Time Director for the year ended March 31, 2017, are as under: -

(Amount in lakhs)

Sl. No.	Name of Director	Designation	Salary	Perquisites	EPF	Commission	Total
1	Mr. Deep Kapuria	Executive Chairman	114.51	9.75	8.58	19.68	152.52
2.	Mr. Pranav Kapuria	Managing Director	43.29	8.61	3.25	24.65	79.80
3.	Mr. Anuj Kapuria	Executive Director	35.91	9.47	2.69	24.65	72.72

**Notes:-**

- 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 are 0.65% for Mr. Deep Kapuria & 0.81% each for Mr. Pranav Kapuria

& Mr. Anuj Kapuria.

- Commission is pending for disbursement till the finalization of this Report.
- 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, 2017 are as under:

(Amount in lakhs)

S.N.	Name of the Non-Executive Directors	Sitting fees	Commission	Total
1.	Mr. Anil Khanna	0.70	1.91	2.61
2.	Mr. Sandeep Dinodia	1.40	1.91	3.31
3.	Mr. Vinit Taneja	0.90	1.91	2.81
4.	Mr. Ramesh Chandra Jain	0.50	1.91	2.41
5.	Mr. Prosad Dasgupta	0.30	1.90	2.20
6.	Mr. K.C. Verma	1.20	1.91	3.11
7.	Mr. Bidadhi Anjani Kumar	0.40	1.91	2.31
8.	Ms. Malini Sud	0.40	1.90	2.30
	<b>Total</b>	<b>5.80</b>	<b>15.26</b>	<b>21.06</b>

**Notes:**

- 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/relationship 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.

As part of the evaluation process, Board has evaluated the working of the Corporate Social Responsibility Committee for FY 2016-17.

**Meetings and attendance**

The Corporate Social Responsibility Committee met One (1) time during the financial year 2016-17 on 26th May, 2016. The meeting was attended by members as detailed below:-

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

Company Secretary acts as the secretary of the Committee.

The following are 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;
- 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. 55.23 lakhs as per details mentioned in **Annexure IV** to the Directors' 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.

As part of the evaluation process, the Board has evaluated the working of Stakeholder Relationship Committee for FY 2016-17.

### Meetings and attendance

No meeting was required to hold during the FY 2016-17. 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 31.03.2017

Pending at the beginning of the year	Nil
Received during the year	Nil
Disposed off during the year	Nil
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 .

Financial Year	Date	Time	Venue	No. of Special Resolution Passed
2015-16	September 23, 2016	11.00 A.M.	A-589, Industrial Complex, Bhiwadi –301019 (Rajasthan)	Five
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

approve transfer, transmission, demat and other related matters regarding the shares of the Company.

### Meetings and attendance

The Share Transfer Committee met 7 (Seven) times during the financial year 2016-17 on 30th April, 2016, 9th May, 2016, 31st May, 2016, 29th July, 2016, 31st August, 2016, 31st October, 2016, 10th February, 2017. 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 has opened a separate Demat Suspense Account.

As on 31st March, 2017 no equity shares were pending for transfer.

## VII Separate Independent Directors' Meetings

As per the Schedule IV of Companies Act, 2013 & 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 26, 2016, 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 time lines of flow of information between the Company, Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Three 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:



- b. No resolution was passed by way of postal ballot during the year 2016-2017.
- b. At the forthcoming Annual General Meeting, no resolution to be passed through Postal Ballot.
- c. Dividend history of last five years

S. No.	Financial year	Rate of Dividend	Date of Declaration
1	2015-16	Interim- 15% Final- 15%	12-02-2016 23-09-2016
2	2014-15	Interim – 10% Final- 15%	12-02-2015 29-09-2015
3	2013-14	Interim – 10% Final- 15%	14-02-2014 18-09-2014
4	2012-13	Interim-10% Final-15%	14-02-2013 30-09-2013
5	2011-12	Interim- 20% Final- 25%	14-02-2012 28-09-2012

For the year 2016-17, the interim dividend @ 12.5% was declared on 10th February, 2017.

**d. Unclaimed Dividend**

Unclaimed dividend of the financial year 2009-10 is due for the transfer by the Company to IEPF in the month of Oct/Nov. 2017.

In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 the Company has displayed the information relating to amount of unclaimed and unpaid dividend at its website [www.thehitechgears.com](http://www.thehitechgears.com). The same to be updated

from time to time.

**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 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.

**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 Regulation 34(3) read with Schedule V(A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**Related Party Disclosure for the period ended 31.03.2017**

(Amount in Lakhs)

Particulars	Aquarian Fibrecement Pvt. Ltd	Vulcan Electro Controls Ltd.	The Hi-Tech Engineering System Pvt. Ltd.	The Hi-Tech Robotic Systemz Ltd.	Subsidiary Companies'	KMPs (only WTDs)	Total
<b>Nature of Relationship</b>							
Rent	206.85	-	-	-	-	-	206.85
Sale of Goods	-	12.40	652.26	-	-	-	664.66
Rendering of Job Work/ Services	-	73.06	70.07	-	-	-	143.13
Receiving of Job Work/ Services	-	1,896.85	-	344.75	-	-	2241.6
Goods Purchased	-	6,106.48	2,322.79	-	-	-	8429.27
Director's Remuneration	-	-	-	-	-	305.04	305.04
Sale of Fixed Assets	-	20.01	54.97	-	-	-	74.98
Reimbursement of Exp. Paid	-	24.36	25.64	3.21	28.62	-	81.83
Investment in equity capital of 2545887 Ontario Inc. Canada	-	-	-	-	10,139.00	-	10,139.00
Reimbursement of Exp. Received	-	9.20	-	-	-	-	9.20



- The transactions with Vulcan Electro Controls Limited & The Hi-Tech Engineering Systems Private Limited are regarded material in terms of Companies Act & Listing Regulations for which the necessary approvals have been obtained.
- Transactions relating to KMPs is remuneration to Whole Time Directors. Remuneration to include salary, HRA, perquisites including medical reimbursement 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. Remuneration to other KMPs, such as Chief Financial Officer & Company Secretary is provided in Form MGT-9.
- 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 at [www.thehitechgears.com](http://www.thehitechgears.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.thehitechgears.com](http://www.thehitechgears.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. During the year, the Company incorporated a Wholly Owned Subsidiary Company in Canada viz. 2545887 Ontario Inc. ("254"). 254 have in turn have acquired the 100% shares of Teutech Industries Inc., Canada ("Teutech"). Pursuant to the provisions of SEBI (LODR) Regulations 2015, 254 and Teutech are considered as Material Subsidiaries of the Company. The company has also framed the policy for determining "material "subsidiaries". The same has been placed on the website of the Company at [www.thehitechgears.com](http://www.thehitechgears.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, 2017, 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.thehitechgears.com](http://www.thehitechgears.com) as per the requirements of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 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 Directors' 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 – through email by providing a link/Annual Report.
  - ii. To others – Through 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 SEBI (LODR) Regulations, 2015 mentioned in point 1 above.
5. A Management Discussion and Analysis report is given separately which forms part of the Directors' 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:**

31st Annual General Meeting of the Company will be held on Friday the 29th day of September, 2017 at 11:00 A.M at the Registered Office of the Company situated at A-589, Industrial Complex, Bhiwadi, Distt. Alwar, Rajasthan 301019

<b>Financial Calendar for 2016-17</b>	<b>Results were announced on</b>	<b>Newspapers</b>	<b>Date of Publication</b>
Financial Reporting for the 1st quarter ended June 30, 2016	11.08.2016	Business Standard	12.08.2016
		Dainik Lokmat	12.08.2016
Financial Reporting for the 2nd quarter and 1st half year ended September 30, 2016	28.10.2016	Business Standard	29.10.2016
		Dainik Lokmat	29.10.2016
Financial Reporting for the 3rd quarter ended December 31, 2016	10.02.2017	Business Standard	11.02.2017
		Dainik Lokmat	12.02.2017
Financial Reporting for the 4th quarter and year ended March 31, 2017	29.05.2017	Business Standard	31.05.2017
		Dainik Lokmat	31.05.2017

### **1. Financial Calendar for 2017-2018 (Tentative and subject to change)**

Financial Reporting for the 1st quarter ended June 30, 2017	6th September, 2017
Financial Reporting for the 2nd quarter and 1st half year ended September 30, 2017	December, 2017 (2nd Week)
Financial Reporting for the 3rd quarter ended December 31, 2017	February, 2018 (2nd Week)
Financial Reporting for the year ended March 31, 2018.	May, 2018 (Last week)
Annual General Meeting for the year 2016-17	29th September, 2017

### **3. Date of Book Closure**

23 September, 2017 to 29 September, 2017 (Both days inclusive)

#### **E-Voting Cut-off date**

22 September, 2017

#### **E-Voting period**

26 September, 2017 to 28 September, 2017

#### **Dividend payment**

Dividend, if declared by the shareholders in the Annual General Meeting, shall be paid as Rs. 1.25 per share i.e. @12.5% to those shareholders whose name appears on the Register of members as on 29 September, 2017. In respect of the shares held in electronic form, to those members whose names appear in the statements of beneficial ownership furnished by Depository (NSDL/CDSL) as at the end of business hours on 22 September, 2017

### **4. Listing on Stock Exchanges**

As on March 31, 2017 the equity shares of the Company are listed on the following Stock Exchanges:-

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

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

#### **b) Bombay Stock Exchange Limited**

Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai Stock Code -522073

Note: The listing fee for the year 2016-2017 has been paid to the Stock Exchanges within the stipulated time.

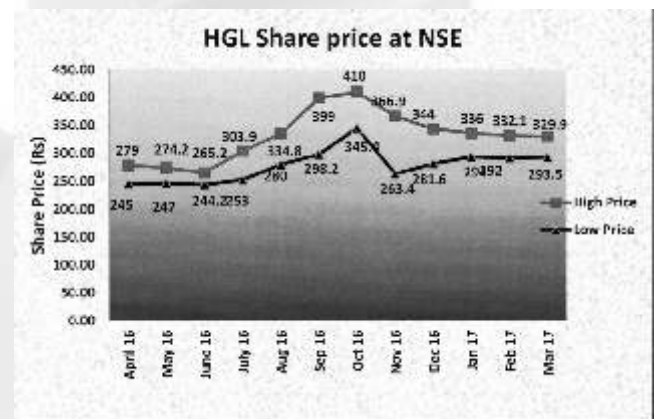
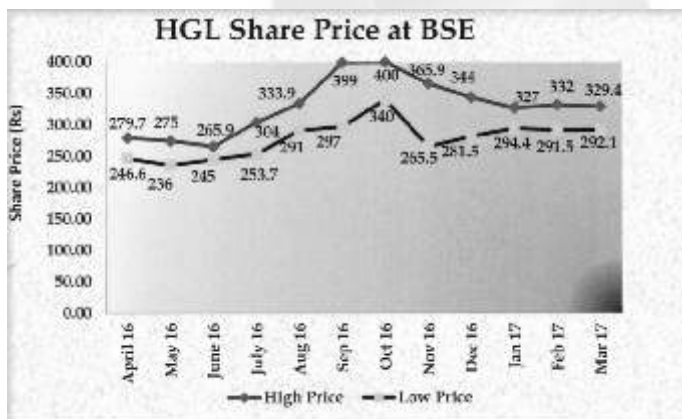




## 5. Market Price Data

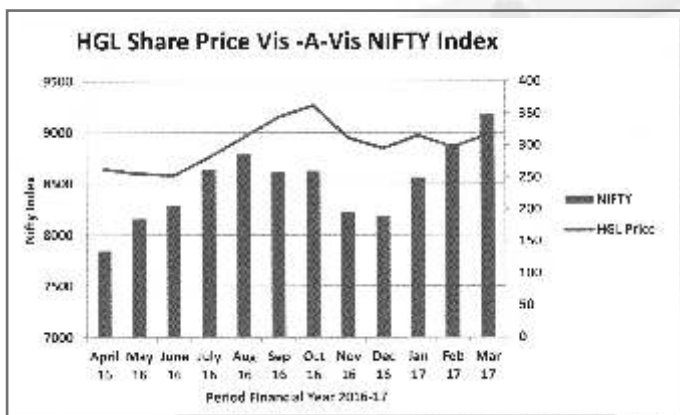
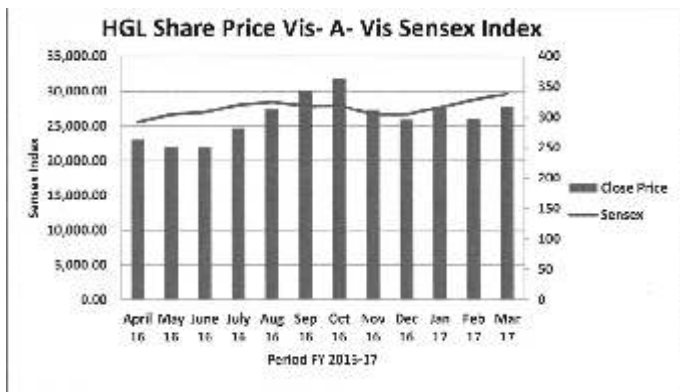
Monthly high and low prices of equity shares of the Company at BSE and NSE during the year under review are given hereunder.

Month	Bombay Stock Exchange Ltd. (BSE)				No. of shares traded	National Stock Exchange Ltd. (NSE)				No. of shares traded
	Shares Price Rs.		Sensex			Shares Price Rs.		Nifty		
	High Price	Low Price	High	Low		High Price	Low Price	High	Low	
Apr-16	279.7	246.6	26100.5	24523.2	2444	279	245	7992	7516.85	169476
May-16	275	236	26837.2	25057.9	2052	274.2	247	8213.6	7678.35	86869
Jun-16	265.9	245	27105.4	25911.3	1586	265.2	244.2	8308.15	7927.05	144017
Jul-16	304	253.7	28240.2	27034.1	4269	303.9	253	8674.7	8287.55	209004
Aug-16	333.9	291	28532.2	27627.9	5207	334.8	280	8819.2	8518.15	438005
Sep-16	399	297	29077.2	27716.7	22664	399	298.2	8968.7	8555.2	2204028
Oct-16	400	340	28477.6	27488.3	9719	410	345.4	8806.95	8506.15	688020
Nov-16	365.9	265.5	28029.8	25717.9	4231	366.9	263.4	8669.6	7916.4	261145
Dec-16	344	281.5	26803.8	25753.7	3184	344	281.6	8274.95	7893.8	227629
Jan-17	327	294.4	27980.3	26447	4379	336	294	8672.7	8133.8	179908
Feb-17	332	291.5	29065.3	27590.1	2890	332.1	292	8982.15	8537.5	138648
Mar-17	329.4	292.1	29824.6	28716.2	3889	329.9	293.5	9218.4	8860.1	244073



## 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, 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)

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](mailto: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

As per the requirements of Regulation 40(9) of the Regulations, the Company has obtained the Half Yearly Compliance Certificate from a Company Secretary in Practice for due compliance of Share Transfer formalities and the same has been filed with National Stock Exchange of India Limited (NSE) through NSE Electronic Application Processing System (NEAPS) and with BSE Limited (BSE) through BSE Listing Centre accordingly.

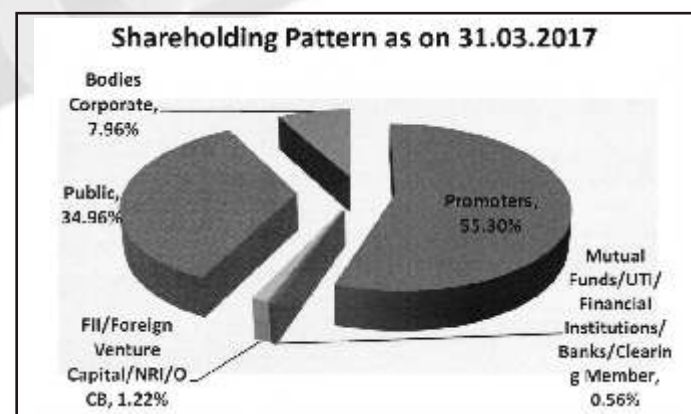
9. (a) Distribution of shareholding

As on March 31, 2017 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	543528	2.896	4211	79.378
5,001 to 10,000	386993	2.062	479	9.029
10,001 to 20,000	372805	1.986	242	4.562
20,001 to 30,000	274325	1.462	107	2.017
30,001 to 40,000	249002	1.327	67	1.263
40,001 to 50,000	252462	1.345	54	1.018
50,001 to 100,000	453654	2.417	62	1.169
100,001 and above	16235231	86.505	83	1.565
<b>TOTAL</b>	<b>18,768,000</b>	<b>100.00</b>	<b>5305</b>	<b>100.00</b>

(b) Category wise shareholding as on March 31, 2017

Category	% of Shareholders	No. of shares held
Promoters & Promoter Group	55.30%	10,378,621
Mutual Funds/ UTI/ Depository Reciept/ Banks/Financial Institutions/Insurance Companies	0.56%	104,503
FII/Foreign Venture Capital/NRI/OCB/ Clearing Member	1.22%	228,414
Public	34.96%	6561925
Bodies Corporate (including NBFCs)	7.96%	1494537
<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, 2017 is given hereunder:

Particulars	As on March 31, 2017	
	No. of Shares	%age (%)
No. of Shares dematerialized		
- NSDL	16019275	85.35
- CDSL	2623832	13.98
No. of shares in physical form	124893	0.67
Total	18,768,000	100.00

#### (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, Distt. 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, Sushant Lok-1,  
Sector – 27, Gurgaon,  
Haryana-122002  
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.thehitechgears.com](http://www.thehitechgears.com). In terms of revised Regulation 26 of (Listing Obligations and Disclosure Requirements) 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 29, 2017. 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 2016-2017

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

Place : New Delhi  
Dated : August 04, 2017

Deep Kapuria  
Chairman



## **Certification by CEO and CFO**

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

### **Ref: Certification by CEO and CFO for Financial Year 2016-17**

- (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 2016-17 and that to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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:
- significant changes in internal control over financial reporting during the year;
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 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**

**Vijay Mathur**  
Chief Financial Officer

**Pranav Kapuria**  
Chief Executive Officer

**Place : New Delhi**  
**Date : May 29, 2017**

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

### **Auditors' Certificate on Corporate Governance**

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 March 31, 2017, as stipulated in SEBI (LODR) Regulations, 2015 (as amended).

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 with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of 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 Regulations.

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's Registration Number: 001393N**

**CA. Deepak Pokhriyal**  
**Partner**

**Place : New Delhi**  
**Date : May 29, 2017**      **Membership number: 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, Chief Executive Officer 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 2016-17.

**For The Hi-Tech Gears Limited**

**Place : New Delhi**  
**Date : May 29, 2017**

**Pranav Kapuria**  
**Chief Executive Officer**



## SHAREHOLDERS' INFORMATION

**Corporate Identification Number** : L29130RJ1986PLC004536 **PAN : AAACH0156K**

### Registered Office & Works

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

### Corporate Office

14th Floor, Tower-B, Unitech's Millennium Plaza,  
Sushant Lok-I, Sector – 27, Gurgaon, Haryana-122002  
Tel No: (0124) – 4715100, Fax No: (0124) – 2806085  
Email: [secretarial@hitechgears.com](mailto:secretarial@hitechgears.com)

### Listing

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

Stock Exchange	Stock Code
(a) National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051.	HITECHGEAR
(b) Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001.	522073

### Interim Dividend for the year 2016-17

The Board of Directors in their meeting held on 10 February, 2017 have approved an interim dividend of Rs. 1.25/- (Rupee One and Paisa Twenty Five 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.

### 31st Annual General Meeting

Date & Time : Friday the 29th day of September, 2017 at 11.00 A.M.  
Venue : A-589, Industrial Complex, Bhiwadi - 301019, District Alwar, (Rajasthan).

### Book Closure Dates

23 September, 2017 to September 29, 2017 (both days inclusive)

### Cutoff date for e-voting

22, September, 2017

### E-Voting

The voting period begins on 26 September, 2017 at 9:00 a.m. and ends on 28 September, 2017 at 5:00 p.m.

### EVEN (Electronic Voting Event Number)

EVEN of The Hi-Tech Gears Limited is 106861

### Final Dividend

The Board of Directors in their meeting held on 29th May, 2017 have recommended final dividend of Rs. 1.25 per equity share (@ 12.5%) subject to the approval of the members in their Annual General Meeting.

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 29 September, 2017. 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 22 September, 2017, as per the details to be furnished by the depositories for this purpose.

### Dividend payment date

The management will organize the necessary documentations & manage the Schedule for payment of final dividend, if declared by the shareholders. Estimate period of disbursement is 3rd week of October, 2017

### 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, 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)

# Independent Auditors' Report

## To the Members of The Hi-Tech Gears Limited (Formerly known as Hi-Tech Gears Limited)

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of The Hi-Tech Gears Limited, formerly known as Hi-Tech Gears Limited ("the Company"), which comprise the balance sheet as at 31 March 2017, 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 Standalone 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 standalone 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 standalone 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone 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 standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2017 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 standalone 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 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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".
  - (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 standalone financial statement-Refer Note 35 B(2) to the standalone 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.
- IV. The Company has provided requisite disclosures in its standalone financial statements as to

holdings as well as dealings in Specified Bank Notes, as defined in the Notification S.O. 3407(E), dated November 08, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 47 of the standalone financial statements.

**For Gupta Vigg & Co.**  
**Chartered Accountants**  
**Firm's Registration No.: 001393N**

**CA. Deepak Pokhriyal**  
**Partner**  
**Membership Number: 524778**

**Place: New Delhi**  
**Date: May 29, 2017**



## Annexure - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, 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, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus, reporting under clause (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 explanations given to us, the Company has not accepted any deposits from the public. Therefore, reporting under clause (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 cost 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 2017 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 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	NIL (85,598)	Disposed by Tribunal, RK Puram, Delhi
2	Central Excise Act, 1944	Service tax	Sep'11 to Jun'12	NIL (217,316)	Disposed by Commissioner (Appeals), Central Excise, Jaipur
3	Central Excise Act, 1944	Service tax	Aug'12 to Jul,14	NIL (915,720)	Disposed by Commissioner (Appeals) Central Excise, Gurgaon, Haryana
4	Central Excise Act, 1944	Service tax	Aug'13 to Jul'14	NIL (57,400)	Disposed by Commissioner (Appeals) Central Excise, Delhi
5	Income Tax Act, 1961	Income tax	A.Y. 2013-14	869,191 (869,191)	Commissioner of Income Tax (Appeals), Delhi



S. No.	Name of statute	Nature of Dues	Period to which the amount relates	Amount (Rs.)	Forum Where Dispute is Pending
6	Income Tax Act, 1961	Income tax	A.Y. 2008-09	256,368 (256,368)	Income Tax Appellate Tribunal
7	Income Tax Act, 1961	Income Tax	A.Y. 2012-13	352,960 (352,960)	Commissioner of Income Tax (Appeals), Delhi
8	Income Tax Act, 1961	Income Tax	A.Y. 2010-11	2,540,000 (2,540,000)	Income Tax Appellate Tribunal, Delhi
9	Income Tax Act, 1961	Income Tax	A.Y. 2014-15	336,860 (NIL)	Commissioner of Income Tax (Appeals), Delhi
			<b>Total</b>	<b>4,355,379 (5,294,553)</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 has not borrowed any loan from Government. The Company has not issued any debentures.
- (ix) The Company has not raised 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 year.
- (xi) According to the information and explanations given 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 Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, reporting under clause (xii) of the Order is not applicable to the Company.
- (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 Companies Act, 2013 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, reporting under clause (xv) of the Order is not applicable to the Company.
- (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's Registration No.: 001393N**

**CA. Deepak Pokhriyal**  
**Partner**  
**Membership Number: 524778**

**Place: New Delhi**  
**Date: May 29, 2017**



**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 2017 in conjunction with our audit of the standalone 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 2017, 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's Registration No.: 001393N**

**CA. Deepak Pokhriyal  
Partner**

**Place: New Delhi  
Date: May 29, 2017**

**Membership Number: 524778**



**THE HI-TECH GEARS LIMITED**  
(FORMERLY KNOWN AS HI-TECH GEARS LIMITED)  
**BALANCE SHEET AS AT MARCH 31, 2017**

	Particulars	Note No.	As At March 31, 2017 (Rs.)	As At March 31, 2016 (Rs.)
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>(1) SHAREHOLDERS' FUNDS</b>			
	(a) Share capital	2	18,76,80,000	18,76,80,000
	(b) Reserves and surplus	3	1,95,69,75,552	1,77,26,33,299
	<b>(2) NON-CURRENT LIABILITIES</b>			
	(a) Long-term borrowings	4	80,31,75,197	28,08,533
	(b) Deferred tax liabilities (Net)	5	2,25,78,857	2,73,35,773
	(c) Long-term provisions	6	3,38,80,073	3,18,69,008
	<b>(3) CURRENT LIABILITIES</b>			
	(a) Short-term borrowings	7	51,38,76,070	41,13,32,083
	(b) Trade payables	8		
	(i) Total outstanding dues of micro enterprises and small enterprises		89,87,219	1,07,11,915
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		36,61,30,252	37,51,74,877
	(c) Other current liabilities	9	28,59,53,189	27,46,43,455
	(d) Short-term provisions	10	3,15,01,624	6,50,50,153
	<b>Total</b>		<b>4,21,07,38,033</b>	<b>3,15,92,39,096</b>
<b>II.</b>	<b>ASSETS</b>			
	<b>(1) NON-CURRENT ASSETS</b>			
	(a) Fixed assets	11		
	(i) Tangible assets		1,65,70,70,366	1,73,95,47,504
	(ii) Intangible assets		39,71,129	41,48,196
	(iii) Capital work-in-progress		2,81,06,724	2,52,58,145
	(b) Non-current investments	12	1,01,45,90,665	6,83,425
	(c) Long-term loans and advances	13	5,57,61,484	3,12,82,432
	(d) Other non-current assets	14	4,34,05,002	56,35,000
	<b>(2) CURRENT ASSETS</b>			
	(a) Inventories	15	34,70,69,721	32,12,74,930
	(b) Trade receivables	16	69,01,24,931	66,46,39,984
	(c) Cash and bank balances	17	13,99,66,316	15,51,77,619
	(d) Short-term loans and advances	18	18,99,81,075	19,61,59,981
	(e) Other current assets	19	4,06,90,620	1,54,31,880
	<b>Total</b>		<b>4,21,07,38,033</b>	<b>3,15,92,39,096</b>

See accompanying notes forming part of the financial statements 1-51

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

**AS PER OUR REPORT OF EVEN DATE  
FOR GUPTA VIGG & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION. NO. 001393N**

**SANDEEP DINODIA  
DIRECTOR**

**PRANAV KAPURIA  
MANAGING DIRECTOR**

**CA. DEEPAK POKHRIYAL  
PARTNER  
MEMBERSHIP NO. 524778**

**S. K. KHATRI  
COMPANY SECRETARY**

**VIJAY MATHUR  
CHIEF FINANCIAL OFFICER**

**PLACE : NEW DELHI  
DATE : 29.05.2017**

# THE HI-TECH GEARS LIMITED

(FORMERLY KNOWN AS HI-TECH GEARS LIMITED)

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

S. No.	Particulars	Note No.	For the year ended March 31, 2017 (Rs.)	For the year ended March 31, 2016 (Rs.)
I.	Revenue from operations	20	4,93,16,07,362	4,95,45,08,989
	Less: Excise duty		43,62,21,321	45,47,80,066
			<b>4,49,53,86,041</b>	<b>4,49,97,28,923</b>
II.	Other income	21	3,07,74,037	2,27,62,706
III.	<b>Total Revenue (I +II)</b>		<b>4,52,61,60,078</b>	<b>4,52,24,91,629</b>
IV.	<u>Expenses</u>			
	Cost of materials consumed	22	2,14,98,32,585	2,15,27,22,249
	Purchases of stock-in-trade (traded goods)	23	20,72,84,715	34,06,26,185
	Changes in inventories of finished goods and work-in-progress	24	(1,33,39,355)	(2,01,53,496)
	Employee benefits expense	25	71,88,22,010	68,64,74,874
	Finance costs	26	1,94,11,878	2,49,26,886
	Depreciation and amortization expense	11	23,48,20,187	22,73,09,428
	Other expenses	27	89,07,27,621	76,79,36,265
V.	<b>Total Expenses</b>		<b>4,20,75,59,641</b>	<b>4,17,98,42,391</b>
VI.	Profit before exceptional and extraordinary items and tax (III-V)		31,86,00,437	34,26,49,238
VII.	Exceptional items		-	66,55,287
VIII.	Profit before extraordinary items and tax (VI-VII)		31,86,00,437	33,59,93,951
IX.	Extraordinary items		-	-
X.	Profit before tax (VIII-IX)		31,86,00,437	33,59,93,951
XI.	Tax expense:			
	(a) Current income tax		11,30,00,000	13,55,00,000
	(b) Deferred tax		(47,56,916)	(1,30,98,627)
	(c) Income tax for earlier years		65,56,279	19,50,292
XII.	Profit for the period from continuing operations (X-XI)		20,38,01,074	21,16,42,286
XIII.	Profit from discontinuing operations		-	-
XIV.	Tax expense of discontinuing operations		-	-
XV.	Profit from discontinuing operations (XIII-XIV)		-	-
XVI.	Profit for the period (XII+XV)		<b>20,38,01,074</b>	<b>21,16,42,286</b>
	Number of shares for the purpose of calculating EPS		1,87,68,000	1,87,68,000
	Earnings per equity share of Rs. 10/- each			
	1. Basic		10.86	11.28
	2. Diluted		10.86	11.28

See accompanying notes forming part of the financial statements 1-51

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

**AS PER OUR REPORT OF EVEN DATE  
FOR GUPTA VIGG & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION. NO. 001393N**

**SANDEEP DINODIA  
DIRECTOR**

**PRANAV KAPURIA  
MANAGING DIRECTOR**

**CA. DEEPAK POKHRIYAL  
PARTNER  
MEMBERSHIP NO. 524778**

**S. K. KHATRI  
COMPANY SECRETARY**

**VIJAY MATHUR  
CHIEF FINANCIAL OFFICER**

**PLACE : NEW DELHI  
DATE : 29.05.2017**





**THE HI-TECH GEARS LIMITED**  
**(FORMERLY KNOWN AS HI-TECH GEARS LIMITED)**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2017**

Particulars	For the year ended March 31, 2017 (Rs.)		For the year ended March 31, 2016 (Rs.)	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		31,86,00,437		33,59,93,951
<u>Adjustments for:</u>				
Depreciation and amortisation	23,48,20,187		22,73,09,428	
(Profit) / loss on sale of fixed assets	(28,73,013)		(25,89,565)	
Finance costs	1,94,11,878		2,49,26,886	
Interest income	(1,43,66,294)		(33,85,390)	
Dividend income	(10,725)		(10,725)	
Liabilities / provisions no longer required written back	(49,13,767)		(18,25,969)	
Provision for doubtful trade & other receivables, loans & advances	5,67,256		1,30,97,508	
Unrealised foreign exchange (Gain) / Loss (Net)	62,76,821		1,06,11,183	
		23,89,12,343		26,81,33,356
Operating profit / (loss) before working capital changes		55,75,12,780		60,41,27,307
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Inventories	(2,57,94,791)		(3,91,76,755)	
Trade receivables	(3,28,67,349)		(4,14,12,749)	
Short-term loans and advances	1,79,48,591		1,09,56,705	
Long-term loans and advances	(2,78,24,781)		(2,45,677)	
Other current assets	(1,93,24,607)		(62,17,379)	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables	(1,09,55,065)		4,26,26,338	
Other current liabilities	1,42,61,338		3,71,64,590	
Long-term provisions	20,11,065		83,85,523	
Short-term provisions	4,42,012		2,72,50,644	
		(8,21,03,587)		3,93,31,240
Cash flow from extraordinary items	-	47,54,09,193	-	64,34,58,547
Cash generated from operations	-	47,54,09,193	-	64,34,58,547
Net income tax (paid) / refunds	-	(13,14,19,625)	-	(13,98,75,943)
Net cash flow from / (used in) operating activities (A)	-	34,39,89,568	-	50,35,82,604
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(16,29,83,652)		(25,63,55,727)	
Proceeds from sale of fixed assets	1,41,87,833		52,12,611	
(Increase) / decrease in non current assets	(1,05,16,77,242)		(7,77,925)	
Interest received	1,72,09,243		27,79,536	
Dividend received	10,725		10,725	
		(1,18,32,53,093)		(24,91,30,780)
Cash flow from extraordinary items	-	(1,18,32,53,093)	-	(24,91,30,780)
Net income tax (paid) / refunds	-	(1,18,32,53,093)	-	(24,91,30,780)
Net cash flow from / (used in) investing activities (B)	-	(1,18,32,53,093)	-	(24,91,30,780)

Particulars	For the year ended March 31, 2017 (Rs.)		For the year ended March 31, 2016 (Rs.)	
C. Cash flow from financing activities				
Proceeds from long-term borrowings	80,18,40,000		25,69,664	
Repayment of long-term borrowings	(13,28,714)		(14,18,16,762)	
Net increase / (decrease) in working capital borrowings	10,20,93,619		10,83,14,607	
Finance cost	(1,64,26,337)		(2,18,21,528)	
Dividends paid	(5,15,11,899)		(5,63,07,741)	
Tax on dividend	(1,06,14,447)	82,40,52,222	(1,14,67,254)	(12,05,29,014)
Cash flow from extraordinary items		-		-
Net cash flow from / (used in) financing activities (C)		82,40,52,222		(12,05,29,014)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(1,52,11,303)		13,39,22,810
Cash and cash equivalents at the beginning of the year		15,51,77,619		2,12,54,809
Effect of exchange differences of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		13,99,66,316		15,51,77,619
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet		13,99,66,316		15,51,77,619
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)		2,16,19,195		1,39,69,117
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		11,83,47,121		14,12,08,502
Add: Current investments considered as part of cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		-		-
Cash and cash equivalents at the end of the year *		11,83,47,121		14,12,08,502
* Comprises:				
(a) Cash on hand		10,21,122		11,38,513
(b) Balances with banks				
(i) In current accounts		5,84,13,335		1,09,50,163
(ii) In EEFC accounts		5,89,12,664		7,91,19,826
(iii) In deposit accounts with original maturity of less than 3 months		-		5,00,00,000
		11,83,47,121		14,12,08,502

See accompanying notes forming part of the financial statements 1-51

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

**AS PER OUR REPORT OF EVEN DATE  
FOR GUPTA VIGG & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION. NO. 001393N**

**SANDEEP DINODIA  
DIRECTOR**

**PRANAV KAPURIA  
MANAGING DIRECTOR**

**CA. DEEPAK POKHRIYAL  
PARTNER  
MEMBERSHIP NO. 524778**

**S. K. KHATRI  
COMPANY SECRETARY**

**VIJAY MATHUR  
CHIEF FINANCIAL OFFICER**

**PLACE : NEW DELHI  
DATE : 29.05.2017**



## 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 Loose Tools and Raw Materials	: At cost or Net realisable 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 31st 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. 1st 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 recognized 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 receptor 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 Dividends**

With effect from April 1, 2016 final dividend, including tax thereon, on shares are recorded as a liability on the date of approval by the shareholders and interim dividend, including tax thereon, are recorded as a liability on the date of declaration by the Company's Board of Directors.

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

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

**THE HI-TECH GEARS LIMITED**  
(FORMERLY KNOWN AS HI-TECH GEARS LIMITED)

**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017**

Particulars			As at March 31, 2017 (Rs.)	As at March 31, 2016 (Rs.)
<b>NOTE '2' - SHARE CAPITAL</b>				
(a) Authorised Capital 20,000,000 Equity shares of Rs. 10/- each with voting rights (Previous year 20,000,000 Equity shares of Rs. 10/- each with voting rights)			20,00,00,000	20,00,00,000
(b) Issued, Subscribed and fully Paid-up 18,768,000 Equity shares of Rs. 10/- each & fully paid up with voting rights (Previous year 18,768,000 Equity shares of Rs. 10/- each fully paid up with voting rights)			18,76,80,000	18,76,80,000
(c) Reconciliation of the number of Equity Shares with voting rights				
	Current year	Previous year		
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		
(d) Equity Shares held by shareholders holding more than 5% of total number of shares with voting rights				
Name of Share Holder	Current year No of Shares	Previous year No of Shares		
	%	%		
Vulcan Electro Controls Ltd	1,082,000	1,082,000	5.77	5.77
Olympus Electrical Industries Pvt. Ltd.	1,745,200	1,745,200	9.30	9.30
Hi-Tech Portfolio Investments Ltd.	1,971,876	1,971,876	10.51	10.51
Mr. Deep Kapuria	3,117,461	3,117,461	16.61	16.61
(e) Terms/rights attached to Equity Shares 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 & 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 Regulations. 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. The distribution will be in proportion to the number of equity shares held by the shareholders.				





Particulars	As at March 31, 2017 (Rs.)		As at March 31, 2016 (Rs.)		
<b>NOTE '3' - RESERVES &amp; SURPLUS</b>					
(a) Capital Reserve					
(i) Central Investment Subsidy Closing balance		15,00,000		15,00,000	
(ii) State Capital Investment Subsidy Closing balance		68,46,000		68,46,000	
(b) Revaluation Reserve - Land Closing balance		30,16,43,801		30,16,43,801	
(c) Corporate Social Responsibility Reserve Closing balance		1,39,89,000		1,39,89,000	
(d) General Reserve					
Balance as per last Balance Sheet	28,40,87,991		27,40,87,991		
Add : Transferred from surplus during the year	1,00,00,000		1,00,00,000		
Closing balance		29,40,87,991		28,40,87,991	
(e) Hedging Reserve					
Balance as per last Balance Sheet	-		-		
Add : Created during the year (Refer Note no.'37 (b)')	87,77,083		-		
Closing balance		87,77,083		-	
(f) Surplus in Statement of Profit & Loss					
Balance as per last Balance Sheet	1,16,45,66,507		1,03,09,05,307		
Add : Profit for the year	20,38,01,074		21,16,42,286		
Less: Interim Dividend distributed to equity shareholders Rs. 1.25 per share (Previous year Rs. 1.50 per share)	2,34,60,000		2,81,52,000		
Less: Dividend Proposed to be distributed to equity shareholders (Refer Note Below) (Previous year Rs. 1.50 per share)	-		2,81,52,000		
Less: Tax on dividend (Interim)	47,75,904		58,38,543		
Less: Tax on Proposed dividend	-		58,38,543		
Less: Transferred to General Reserve	1,00,00,000		1,00,00,000		
Closing balance		1,33,01,31,677		1,16,45,66,507	
<b>Total</b>		<u>1,95,69,75,552</u>		<u>1,77,26,33,299</u>	
<p>Note: The Board of Directors, in their meeting held on May 29, 2017, have proposed a final dividend of Rs.1.25 per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting and if approved would result in a cash outflow of Rs. 28,235,904 including corporate dividend tax.</p>					
<b>NOTE '4' - LONG-TERM BORROWINGS</b>					
<b>Secured:</b>					
(a) Standard Chartered Bank ECB Loan (USD 12,000,000, Previous year USD Nil)					
S. No.	Sanction Amount	Total Installments	Quarterly repayment	Pending Installments	Rate of interest
1.	USD 12,000,000	5	USD 270,000	21	LIBOR +3.29%
		4	USD 360,000		
		12	USD 767,500		
	Total	21			
			80,18,40,000		

Particulars							As at March 31, 2017 (Rs.)	As at March 31, 2016 (Rs.)
Security:- The amount is secured by way of an exclusive first charge over the Debt Service Reserve Account (DSRA) Assets created/to be created by the Company in terms of the Facility Agreement (Maximum upto Rs. 91 Million) ; a first ranking pari passu charge over the present and future movable fixed assets of the Company; and a first ranking pari passu charge over the present and future immovable fixed assets of the Company.								
<b>(b) Car Loan</b>								
<b>(i) ICICI Bank Limited</b>							5,00,497	10,61,915
S. No.	Sanction Amount	Total Installments	EMI Rs.	Pending Installments	Rate of interest	Maturity Date		
1.	2,528,000	60	53,871	22	10.50% p.a.	01-Jan-2019		
Security:-The aforesaid car loan is secured by way of hypothecation of specific Car.								
<b>(ii) Kotak Mahindra Prime Ltd.</b>							8,34,700	17,46,618
S. No.	Sanction Amount	Total Installments	EMI Rs.	Pending Installments	Rate of interest	Maturity Date		
1.	2,710,000	36	87,461	22	10.30% p.a.	01-Jan-2019		
Security:-The aforesaid car loan is secured by way of hypothecation of specific Car.								
Total							80,31,75,197	28,08,533
<b>NOTE '5' - DEFERRED TAX LIABILITIES (NET)</b>								
Opening balance							2,73,35,773	4,04,34,400
Less : Deferred tax during the year (Refer Note.'34')							47,56,916	1,30,98,627
Closing balance							2,25,78,857	2,73,35,773
<b>NOTE '6' - LONG-TERM PROVISIONS</b>								
<b>(a) Provision for employee benefits</b>								
<b>(i) Provision for compensated absences</b>							3,38,80,073	3,18,69,008
							3,38,80,073	3,18,69,008
<b>NOTE '7' - SHORT-TERM BORROWINGS</b>								
Secured:								
Working capital-loans / loans repayable on demand from banks:								
<b>(a) Citi Bank -N.A.</b>							10,54,79,671	13,89,72,966
Rate of interest:- 11.25% p.a.								
Security:-Amount is secured by way of first charge on pari passu basis of all stock in trade, book debts all present and future including machinery and also secured by second pari passu charge on all resent and future movable fixed assets. The Charge is also secured by way of second pari passu on immovable property at A-589, Industrial Complex, RIICO, Bhiwadi.								
<b>(b) Citi Bank -Packing Credit</b>							12,00,00,000	12,00,00,000
Rate of interest:- 6.00% p.a.								
<b>(c) Standard Chartered Bank - Packing Credit</b>							14,00,00,000	4,00,00,000
Rate of interest:- 6.00% p.a								
Security:-Both (b) & (c) amount is secured by way of first charge on pari passu basis of all stock in trade, book debts all present and future								



Particulars	As at March 31, 2017 (Rs.)	As at March 31, 2016 (Rs.)
including machinery and also secured by second pari passu 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.	8,00,00,000	-
(d) State Bank of India- Packing Credit Rate of interest:- 8.55% p.a Security:-The Amount is secured by way of first charge on pari passu 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.	2,74,46,211	6,79,81,696
(e) State Bank of India Rate of interest:- 9.25% p.a. Security:-The Amount is secured by way of first charge on pari passu 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.	13,788	1,06,021
(f) ICICI Bank Limited Rate of interest:- 11.31% p.a. Security:-The Amount is secured by way of first charge on pari passu basis of all stock in trade, spares & other movable including book debts, bills all present and future ranking pari passu with other participating banks. The Charge is also secured by way of second pari passu on immovable property at A-589, Industrial Complex, RIICO, Bhiwadi.	4,09,36,400	4,42,71,400
(g) Citi Bank N.A.,Nassau (Euro 580,000, Previous year Euro 580,000) Rate of Interest :- Libor+1.25% 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.		
<b>Total</b>	51,38,76,070	41,13,32,083
<b>NOTE '8' - TRADE PAYABLES</b>		
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note.'39')	89,87,219	1,07,11,915
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises* *for related party balances (Due to others) (Refer Note.'31')	36,61,30,252	37,51,74,877
<b>Total</b>	37,51,17,471	38,58,86,792
<b>NOTE '9' - OTHER CURRENT LIABILITIES</b>		
(a) Current maturity of long term debts (Secured term loan from banks) (Refer Note no.4 for security details)	14,73,336	13,28,714
(b) Interest accrued but not due on borrowings	26,26,842	91,669
(c) Unpaid dividends	13,00,687	12,00,587
(d) Other payables		
(i) Employees benefits payables	6,11,52,231	6,35,51,114



Particulars	As at March 31, 2017 (Rs.)		As at March 31, 2016 (Rs.)	
(ii) Expenses payable*	15,81,73,719		15,61,27,623	
(iii) Against purchase of fixed assets	1,07,02,941		63,27,963	
(iv) Advance from customer	2,49,70,398		2,61,18,435	
(v) Statutory liabilities (Excise duty, VAT, TDS & Others)	2,32,28,035		1,67,97,350	
(vi) Trade security deposits	23,25,000	28,05,52,324	31,00,000	27,20,22,485
*for related party balances (Refer Note.'31')				
Total		28,59,53,189		27,46,43,455
<b>NOTE '10' - SHORT-TERM PROVISIONS</b>				
(a) Provision for employee benefits				
(i) Provision for gratuity	27,34,208		23,57,764	
(ii) Provision for compensated absences	44,84,544	72,18,752	39,70,887	63,28,651
(b) Provision for proposed dividend		-		2,81,52,000
(c) Provision for tax on proposed dividend		-		58,38,543
(d) Provision for rate difference (Refer Note.'36')		2,42,82,872		2,47,30,959
Total		3,15,01,624		6,50,50,153
<b>NOTE '12' - NON-CURRENT INVESTMENTS</b>				
Investment in equity instruments				
(a) Trade investment (Unquoted, at cost)				
Investment in equity instruments				
(i) of Subsidiary				
2545887 Ontario Inc., Canada *		1,01,39,07,240		-
(19832000 common shares of CAD \$1 each, fully paid up, Previous Year Nil)				
ii) of Other Entity				
Investment in Neo- Tech Auto System, Inc., USA		6,42,925		6,42,925
(Application money paid on 1000000 stock at par value of \$ 0.01)				
(b) Other investment (Quoted, at cost)				
Investment in equity instruments				
State Bank of Bikaner & Jaipur		40,500		40,500
750 Equity shares of Rs. 10/- Each fully Paid Up (Previous year 750 Equity shares of Rs. 10/- each, fully paid up)				
	Current year	Previous Year		
Aggregate amount of quoted investments	40,500	40,500		
Aggregate market value of quoted investments	578,888	373,375		
Aggregate amount of unquoted investments	1,014,550,165	642,925		
Aggregate provision for diminution in value of investment	Nil	Nil		
**During the year, the Company incorporated a Wholly Owned Subsidiary Company in Canada viz. 2545887 Ontario Inc. ("254"). "254" has in turn acquired the 100% shares of 2504584 Ontario Inc., Canada ("250") and Teutech Industries Inc., Canada ("Teutech") effective from March 01, 2017. Both "250" and "Teutech" have some existing subsidiary companies in Canada and USA respectively. 2323532 Ontario Inc is the subsidiary of "250" and Teutech Holding Co., Teutech Leasing Co. and Teutech LLC are the subsidiary companies of "Teutech". Pursuant to the provisions of the Companies Act, 2013, all such Companies have become the step down subsidiary companies of the Company.				
<b>Total</b>		1,01,45,90,665		6,83,425

**NOTE '11': FIXED ASSETS**

(Amount in Rs.)

Name of Assets	Gross Block				Depreciation				Net Block	
	Cost as on 01.04.2016	Additions	Exchange Fluctuation (AS-11)	Disposals/Sales during the Year	Total as on 31.03.2017	Depreciation as on 01.04.2016	Depreciation/ amortisation expense for the Year	Eliminated on disposal of assets		Total Depreciation as on 31.03.2017
<b>(I) Tangible Assets</b>										
A Land										
Freehold*	38,66,13,324	2,62,08,364	-	-	41,28,21,688	-	-	-	-	41,28,21,688
Leasehold	1,85,91,616	-	-	-	1,85,91,616	5,12,861	2,56,431	-	7,69,292	1,78,22,324
B (i) Building	40,26,12,211	-	-	-	40,26,12,211	9,51,88,267	1,19,05,613	-	10,70,93,880	29,55,18,331
(ii) Residential flats (Leasehold)	57,55,011	-	-	-	57,55,011	15,49,266	90,304	-	16,39,570	41,15,441
C Plant & equipments	2,91,17,22,861	13,23,10,913	-	2,72,63,073	3,01,67,70,701	1,90,81,96,287	21,51,84,796	1,64,12,083	2,10,69,69,000	90,98,01,701
D Furniture & fixtures	2,71,05,164	5,26,361	-	-	2,76,31,525	2,31,44,356	10,68,013	-	2,42,12,369	34,19,156
E Vehicles	4,75,02,842	-	-	92,02,628	3,83,00,214	3,67,19,927	32,75,331	87,42,498	3,12,52,760	70,47,454
F Office equipments	5,87,48,786	42,47,858	-	74,000	6,29,22,644	5,37,93,345	26,75,328	70,300	5,63,98,373	65,24,271
<b>Total -I</b>	<b>3,85,86,51,815</b>	<b>16,32,93,496</b>	<b>-</b>	<b>3,65,39,701</b>	<b>3,98,54,05,610</b>	<b>2,11,91,04,309</b>	<b>23,44,55,816</b>	<b>2,52,24,881</b>	<b>2,32,83,35,244</b>	<b>1,65,70,70,366</b>
<b>(II) Intangible Assets</b>										
G Software	7,77,57,684	1,87,304	-	-	7,79,44,988	7,36,09,488	3,64,371	-	7,39,73,859	39,71,129
<b>Total -II</b>	<b>7,77,57,684</b>	<b>1,87,304</b>	<b>-</b>	<b>-</b>	<b>7,79,44,988</b>	<b>7,36,09,488</b>	<b>3,64,371</b>	<b>-</b>	<b>7,39,73,859</b>	<b>39,71,129</b>
<b>Grand Total -(I+II)</b>	<b>3,93,64,09,499</b>	<b>16,34,80,800</b>	<b>-</b>	<b>3,65,39,701</b>	<b>4,06,33,50,598</b>	<b>2,19,27,13,797</b>	<b>23,48,20,187</b>	<b>2,52,24,881</b>	<b>2,40,23,09,103</b>	<b>1,66,10,41,495</b>
<b>(III) Capital Work in Progress</b>										
H Plant & machinery	2,52,58,145	2,81,06,724	-	2,52,58,145	2,81,06,724	-	-	-	-	2,81,06,724
<b>Total-III</b>	<b>2,52,58,145</b>	<b>2,81,06,724</b>	<b>-</b>	<b>2,52,58,145</b>	<b>2,81,06,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,81,06,724</b>

\* Notes: During the Financial Year 2007-08 the company had revalued its land situated at Revenue Estate of Sihi 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 LandAccount.

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 (PREVIOUS YEAR)**

(Amount in Rs.)

Name of Assets	Gross Block					Depreciation				Net Block W.D.V. as on 31.03.2016
	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	Depreciation/ amortisation expense for the Year	Eliminated on disposal of assets	Total Depreciation as on 31.03.2016	
		Cost as on 01.04.2015	Exchanges Fluctuation (AS-11)							
<b>(I) Tangible Assets</b>										
A Land	38,41,77,192	24,36,132	-	-	38,66,13,324	-	-	-	-	38,66,13,324
Freehold*	1,85,91,616	-	-	-	1,85,91,616	2,56,430	2,56,431	-	5,12,861	1,80,78,755
Leasehold										
B (i) Building	39,98,05,316	7,99,750	20,07,145	-	40,26,12,211	8,33,37,665	1,18,50,602	-	9,51,88,267	30,74,23,944
(ii) Residential flats (Leasehold)	57,55,011	-	-	-	57,55,011	14,58,962	90,304	-	15,49,266	42,05,745
C Plant & equipments	2,72,04,26,419	23,22,44,974	47,64,267	4,57,12,799	2,91,17,22,861	1,74,48,03,983	20,68,24,123	4,34,31,819	1,90,81,96,287	1,00,35,26,574
D Furniture & fixtures	2,70,53,483	51,681	-	-	2,71,05,164	2,15,87,265	15,57,091	-	2,31,44,356	39,60,808
E Vehicles	4,38,28,576	36,74,266	-	-	4,75,02,842	3,31,91,709	35,28,218	-	3,67,19,927	1,07,82,915
F Office equipments	6,36,44,646	19,19,988	-	68,15,848	5,87,48,786	5,80,10,101	22,58,300	64,75,054	5,37,93,347	49,55,439
<b>Total-I</b>	<b>3,66,32,82,259</b>	<b>24,11,26,791</b>	<b>67,71,412</b>	<b>5,25,28,647</b>	<b>3,85,86,51,815</b>	<b>1,94,26,46,115</b>	<b>22,63,65,069</b>	<b>4,99,06,873</b>	<b>2,11,91,04,311</b>	<b>1,73,95,47,504</b>
<b>(II) Intangible Assets</b>										
G Software	7,75,96,585	1,86,599	-	25,500	7,77,57,684	7,26,89,356	9,44,359	24,227	7,36,09,488	41,48,196
<b>Total-II</b>	<b>7,75,96,585</b>	<b>1,86,599</b>	<b>-</b>	<b>25,500</b>	<b>7,77,57,684</b>	<b>7,26,89,356</b>	<b>9,44,359</b>	<b>24,227</b>	<b>7,36,09,488</b>	<b>41,48,196</b>
<b>Grand Total -(I+II)</b>	<b>3,74,08,78,844</b>	<b>24,13,13,390</b>	<b>67,71,412</b>	<b>5,25,54,147</b>	<b>3,93,64,09,499</b>	<b>2,01,53,35,471</b>	<b>22,73,09,428</b>	<b>4,99,31,100</b>	<b>2,19,27,13,799</b>	<b>1,74,36,95,700</b>
<b>(III) Capital Work in Progress</b>										
H Plant & machinery	80,38,424	1,87,73,763	-	15,54,042	2,52,58,145	-	-	-	-	2,52,58,145
<b>Total-III</b>	<b>80,38,424</b>	<b>1,87,73,763</b>	<b>-</b>	<b>15,54,042</b>	<b>2,52,58,145</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,52,58,145</b>

\* Notes: During the Financial Year 2007-08 the company had revalued its land situated at Revenue Estate of Sihi 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.





Particulars	As at March 31, 2017 (Rs.)		As at March 31, 2016 (Rs.)	
<b>NOTE '13' - LONG-TERM LOANS AND ADVANCES</b>				
(Unsecured, considered good)				
(a) Capital advances (Refer Note: '35A')		92,55,672		1,26,01,400
(b) Security deposits		1,46,11,565		1,63,65,465
(c) Other loan and advances				
(i) Advances to employees	15,05,671		15,97,188	
(ii) Others (Prepaid expenses)	3,03,88,576	3,18,94,247	7,18,379	23,15,567
<b>Total</b>		5,57,61,484		3,12,82,432
<b>NOTE '14' - OTHER NON-CURRENT ASSETS</b>				
(a) Balance held as margin money (Against letter of credit & bank guarantees)		8,72,297		56,35,000
Note: Margin money deposits having original maturity of more than 12 months.				
(b) Un-amortized processing fees on borrowings		4,25,32,705		-
<b>Total</b>		4,34,05,002		56,35,000
<b>NOTE '15' - INVENTORY*</b>				
(As valued and certified by the management)				
(a) Raw material		4,20,81,016		3,64,53,602
(b) Work-in-progress		12,91,00,109		11,70,01,031
(c) Finished goods (Goods-in-Transit)		4,08,62,310		3,96,22,033
(d) Stores and spares		13,50,26,286		12,81,98,264
*At lower of cost or net realisable value (Refer Note: '1.3')				
<b>Total</b>		34,70,69,721		32,12,74,930
<b>NOTE '16' - TRADE RECEIVABLES</b>				
(a) Unsecured, considered good				
Outstanding for more than six months from due date	44,67,491		1,24,09,231	
Others*	68,56,57,440	69,01,24,931	65,22,30,753	66,46,39,984
(b) Doubtful				
Trade receivables	43,60,540		1,51,19,506	
Less: Provision for doubtful debts (Refer Note: '36')	43,60,540	-	1,51,19,506	-
*for related party balances (Refer Note: '31')				
<b>Total</b>		69,01,24,931		66,46,39,984
<b>NOTE '17' - CASH AND BANK BALANCES</b>				
(a) <u>Cash &amp; cash equivalents (as per AS- 3 Cash Flow Statements)</u>				
(i) Cash on hand (including imprest)		10,21,122		11,38,513
(ii) Balances with banks				
In current A/C *	5,84,13,335		1,09,50,163	
In EEFC accounts	5,89,12,664		7,91,19,826	
In Fixed deposits (with original maturity of 3 month or less)	-	11,73,25,999	5,00,00,000	14,00,69,989
(b) <u>Other bank balances</u>				
In unpaid dividend accounts with banks	13,00,687		12,00,587	
In Fixed deposits with banks	1,01,65,280		-	
In Margin money (Against letter of credit & bank guarantees)	1,01,53,228	2,16,19,195	1,27,68,530	1,39,69,117
* the above includes balance lying in Debt Service Reserve Account (DSRA) A/c, which is charged to lender pursuant to the Facility Agreement (Refer Note no. 4 (a) above)				
<b>Total</b>		13,99,66,316		15,51,77,619

Particulars	As at March 31, 2017 (Rs.)		As at March 31, 2016 (Rs.)	
<b>NOTE '18' - SHORT-TERM LOANS AND ADVANCES</b>				
(a) Unsecured, considered good				
(i) Security deposits		27,33,100		37,88,900
(ii) Loan and advances to employees		39,30,173		45,25,663
(iii) Prepaid expenses		2,21,05,328		1,27,12,220
(iv) Balances with government authorities (VAT, Excise & Others) *		5,33,77,389		7,37,05,307
(v) Advance tax/Tax deducted at source (Net of provision for tax Rs 41,70,00,000 , Previous year Rs. 48,80,00,000)		2,93,35,100		1,74,71,753
(vi) Others*				
Amount recoverable in cash or in kind	6,73,70,992		5,05,25,153	
Advance to suppliers	1,11,28,993	7,84,99,985	3,34,30,985	8,39,56,138
*for related party balances (Refer Note.'31')				
<b>Total</b>		<b>18,99,81,075</b>		<b>19,61,59,981</b>
<b>NOTE '19' - OTHER CURRENT ASSETS</b>				
(a) Interest accrued on deposits and others		4,08,615		32,51,565
(b) Export incentive receivable		2,42,80,894		1,21,80,315
(c) Derivative assets		87,77,083		-
(d) Un-amortized processing fees on borrowings		72,24,028		-
<b>Total</b>		<b>4,06,90,620</b>		<b>1,54,31,880</b>
	For the year ended March 31, 2017 (Rs.)		For the year ended March 31, 2016 (Rs.)	
<b>NOTE '20' - REVENUE FROM OPERATIONS</b>				
(a) Sale of products				
(i) Sale of manufactured goods				
Transmission gears and shafts - domestic	3,74,95,93,828		3,79,30,98,937	
Transmission gears and shafts - export	79,03,92,777		59,45,37,331	
Software -export	55,05,400	4,54,54,92,005	60,75,700	4,39,37,11,968
(ii) Sale of traded goods				
Transmission gears and shafts - export		25,58,54,713		42,64,72,688
(iii) Sale of services				
Software services	58,31,605		57,54,942	
{Tax deduction at source Rs. 668,902/- (Previous year Rs. 366,439/-)}				
Sales Jobwork	2,16,49,933	2,74,81,538	3,77,50,289	4,35,05,231
{Tax deduction at source Rs. 452,645/- (Previous year Rs.775,794/-)}				
(b) Other operating revenue				
Export incentives	3,50,15,973		2,52,79,718	
Sales scrap	6,77,63,133	10,27,79,106	6,55,39,384	9,08,19,102
		4,93,16,07,362		4,95,45,08,989
Less: Excise duty		43,62,21,321		45,47,80,066
		<b>4,49,53,86,041</b>		<b>4,49,97,28,923</b>



Particulars	For the year ended March 31, 2017 (Rs.)		For the year ended March 31, 2016 (Rs.)	
<b>NOTE '21' - OTHER INCOME</b>				
Interest income on deposits with banks and others {Tax deduction at source Rs. 1,545,993/- (Previous year Rs.335,713/-)}		1,43,66,294		33,85,390
Dividend income from long term investment		10,725		10,725
Previous year expenses written back		49,13,767		8,99,222
Balance written back		-		9,26,747
Other non-operating income				
Profit on exchange fluctuation other than finance cost (Net)	-		43,74,203	
Cash discount	84,86,118		98,22,321	
Profit on sales of fixed assets (Net)	28,73,013		25,89,565	
Miscellaneous receipts	1,24,120	1,14,83,251	7,54,533	1,75,40,622
<b>Total</b>		<b>3,07,74,037</b>		<b>2,27,62,706</b>
<b>NOTE '22' - COST OF MATERIAL CONSUMED</b>				
Opening stock of raw material (Steel rod & forgings)	3,64,53,602		3,69,60,966	
Add: Purchase during the year (Steel rod & forgings)	2,15,54,59,998		2,15,22,14,885	
	2,19,19,13,600		2,18,91,75,851	
Less: Closing stock of raw material (Steel rod & forgings)	4,20,81,015		3,64,53,602	
Raw material consumed (Steel rod & forgings)		2,14,98,32,585		2,15,27,22,249
<b>Total</b>		<b>2,14,98,32,585</b>		<b>2,15,27,22,249</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)	20,72,84,715		34,06,26,185	
Less: Closing stock of purchase of traded goods (Transmission gears & shafts)	-		-	
Purchase of traded goods (Transmission gears & shafts)	20,72,84,715	20,72,84,715	34,06,26,185	34,06,26,185
<b>Total</b>		<b>20,72,84,715</b>		<b>34,06,26,185</b>



Particulars	For the year ended March 31, 2017 (Rs.)		For the year ended March 31, 2016 (Rs.)	
<b>NOTE '24' - CHANGE IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS</b>				
Inventories at the end of the year:				
Finished goods (Transmission gears & shafts)	4,08,62,310		3,96,22,033	
Work-in-progress (Transmission gears & shafts)	12,91,00,109		11,70,01,031	
Inventories at the beginning of the year				
Finished goods (Transmission gears & shafts)	3,96,22,033		2,17,68,011	
Work-in-progress (Transmission gears & shafts)	11,70,01,031		11,47,01,557	
Net (increase) / decrease		(1,33,39,355)		(2,01,53,496)
<b>Total</b>		<b>(1,33,39,355)</b>		<b>(2,01,53,496)</b>
<b>NOTE '25' - EMPLOYEE BENEFIT EXPENSES</b>				
Salary, wages & perquisites		64,80,57,555		62,12,15,740
Contribution to PF, ESI & other funds		3,39,12,648		3,11,22,106
Labour and staff welfare		3,68,51,807		3,41,37,028
<b>Total</b>		<b>71,88,22,010</b>		<b>68,64,74,874</b>
<b>NOTE '26' - FINANCE COST</b>				
Interest to banks		2,23,87,933		1,31,51,611
Interest to others		5,65,190		4,97,474
Bill discounting charges		1,23,35,334		1,53,82,877
Loss/(Profit) on exchange rate fluctuation		(2,14,82,227)		(66,05,677)
Bank commission & charges		56,05,648		25,00,601
<b>Total</b>		<b>1,94,11,878</b>		<b>2,49,26,886</b>
<b>NOTE '27' - OTHER EXPENSES</b>				
Stores and spares consumed		27,02,57,625		27,98,51,003
Power and fuel		23,89,80,722		21,07,62,801
Rent		1,92,22,206		1,93,85,630
Repairs to building		42,49,581		17,67,631
Machinery repairs		3,63,90,377		3,51,04,312
Insurance		1,94,32,838		1,30,55,577
Fees, rates & taxes		33,65,157		37,86,487
Charity & donation		1,06,000		71,000
Payment to auditors:				
Audit fees	12,00,000		9,00,000	
Reimbursement of expenses	4,60,794		3,94,368	
Other services	2,29,975	18,90,769	2,55,281	15,49,649
Directors sitting fees		5,85,150		5,30,600
Bad debts		4,82,558		8,630
Loss on exchange fluctuation other than finance cost		1,33,13,993		-
Corporate social responsibility expenses (Refer Note. '45')		55,22,850		26,29,527
Provision for doubtful debts		5,67,256		1,30,97,508
Increase/(decrease) on excise duty (On finished goods)		9,36,545		6,68,891
Prior period expenses (Refer Note. '46')		73,845		92,246
Miscellaneous expenses		27,53,50,149		18,55,74,773
<b>Total</b>		<b>89,07,27,621</b>		<b>76,79,36,265</b>



## NOTE '28' – FOREIGN EXCHANGE FLUCTUATION

(a) The Profit & Loss account of the Company includes a profit of Rs. 8,168,235/- (Net) (Previous year Profit of Rs.10,979,880/-) (Net) on account of foreign exchange fluctuation, details of the same are stated as below:

(Amount in Rs.)

S.No.	Particulars	Current Year	Previous Year
<b>(a) Foreign Exchange fluctuation part of finance cost:</b>			
1	Profit/(Loss) Recognized on Foreign Currency Loans (Net)	4,895,000	(102,365)
2	Profit on Options* (Net)	14,505,227	6,708,043
3	Profit on cancellation of Forward Contracts (Net)	2,082,000	-
<b>Sub Total (a)</b>		<b>21,482,227</b>	<b>6,605,677</b>
<b>(b) Foreign Exchange fluctuation part of other than finance cost:</b>			
1	Profit/(Loss) Earned on Imports (Net)	(1,105,443)	(258,206)
2	Profit/(Loss) Recognized on Exports (Net)	(10,251,702)	4,708,686
3	Profit/(Loss) on Other Expenses (Net)	(1,956,848)	(76,277)
<b>Sub Total (b)</b>		<b>(13,313,993)</b>	<b>4,374,202</b>
<b>Total Amount (Net) (a) + (b)</b>		<b>8,168,235</b>	<b>10,979,880</b>

\*Company opted for the option to follow principles of notification of the Companies (Accounting Standards) Amendment Rules 2009 issued on March 31, 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. Nil (Previous Year Rs. 6,771,412/-) on account of foreign exchange fluctuation, have been included to the cost of fixed assets and profit for the year is higher by Rs. Nil (Previous Year profit for the year was higher by Rs. 6,771,412/-).

## 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 March 31, 2017:

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

Particulars	Leave Encasement		Gratuity	
	Current Year	Previous Year	Current Year	Previous Year
Discount Rate	7.37%	8.00%	7.37%	8.00%
Rate of Increase in Compensation Levels	9.00%	9.50%	9.00%	9.50%
Expected Rate of Return of Plan Assets	-	-	8.25%	8.35%
Expected Average Remaining Working Life of Employees (Years)	18.33	19.48	18.33	19.48

Change in present value of obligation:

(Amount in Rs.)

Particulars	Leave Encasement		Gratuity	
	Current Year	Previous Year	Current Year	Previous Year
Present value of obligation as at 01.04.16	35,839,895	26,543,740	111,817,264	105,461,758
Interest Cost	2,867,192	2,123,499	8,945,381	8,436,941
Past Service Cost	-	-	-	-
Current Service Cost	7,546,678	6,726,131	10,138,324	9,730,574
Benefits Paid	(9,746,981)	(7,385,809)	(7,744,340)	(3,904,185)
Actuarial (gain)/loss on obligations	1,857,833	7,832,334	(5,475,885)	(7,907,824)
Present value of obligation as at 31.03.17	38,364,617	35,839,895	117,680,744	111,817,264

**Change in the fair value of Plan Assets:****(Amount in Rs.)**

Particulars	Leave Encasement		Gratuity	
	Current Year	Previous Year	Current Year	Previous Year
			Funded	Funded
Fair value of Plan Assets as at 01.04.16	-	-	109,459,500	102,424,607
Expected Return on Plan Assets	-	-	9,139,868	9,218,215
Employer Contributions	-	-	4,530,479	2,694,611
Fund Charge	-	-	(197,707)	(149,031)
Benefits Paid	-	-	(7,006,662)	(3,904,185)
Actuarial gain/(loss) on plan assets	-	-	(266,256)	824,717
Fair value of Plan Assets as at 31.03.17	-	-	115,659,222	109,459,500

**Reconciliation of present value of defined benefit obligation and the fair value of assets: (Amount in Rs.)**

Particulars	Leave Encasement		Gratuity	
	Current Year	Previous Year	Current Year	Previous Year
Present value of funded obligation as at 31.03.17	-	-	117,680,744	111,817,264
Fair value of Plan Assets as at 31.03.17	-	-	115,659,222	109,459,500
Present value of unfunded obligation as at 31.03.17	38,364,617	35,839,895	-	-
Net Liability recognized in Balance Sheet	(38,364,617)	(35,839,895)	(2,021,522)	(2,357,764)

**Expenses recognized in the statement of profit and loss:****(Amount in Rs.)**

Particulars	Leave Encasement		Gratuity	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	7,546,678	6,726,131	10,138,324	9,730,574
Past Service Cost	-	-	-	-
Interest Cost	2,867,192	2,123,499	8,945,381	8,436,941
Expected Return on Plan Assets	-	-	(9,139,868)	(9,218,215)
Net Actuarial (Gain)/Loss recognized in the period	1,857,833	7,832,334	(5,209,629)	(7,083,107)
Total Expenses recognized in the Profit and Loss Account	12,271,703	16,681,964	4,734,208	1,866,193

**Experience Adjustments:****(Amount in Rs.)**

Particulars	2017	2016	2015	2014	2013
<b>Gratuity</b>					
Present value of defined benefit plan	117,680,744	111,817,264	105,461,758	96,588,341	92,343,835
Fair value of plan assets	115,659,222	109,459,500	102,424,607	92,300,002	76,426,345
Surplus/(Deficit)	(2,021,522)	(2,357,764)	(3,037,151)	(4,288,339)	(15,917,490)
<b>Experience on Actuarial Gain/(Loss) for PBO and Plan Assets</b>					
On Plan PBO	6,957,027	7,907,824	901,982	5,748,341	(14,142,977)
On Plan Assets	(266,256)	(824,717)	5,017,775	(500,854)	5,066,327





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 (ACCOUNTING STANDARD-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	
	Current Year	Previous Year
America	429,897,669	660,774,387
India	3,517,373,673	3,494,373,412
Others	548,114,699	344,581,124
<b>Total</b>	<b>4,495,386,041</b>	<b>4,499,728,923</b>

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

**(a) 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 Mr. Pranav Kapuria 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. M/s. Vulcan Electro Controls Ltd. The Hi-Tech Robotic Systemz Ltd. The Hi-Tech Engineering System Pvt. Ltd.
(iv) Subsidiaries:	2545887 Ontario Inc., Canada Teutech Industries Inc., Canada Teutech Holding Corporation, USA Teutech LLC, USA Teutech Leasing Corporation, USA 2504584 Ontario Inc., Canada 2323532 Ontario Inc., Canada
Note: Related parties have been identified by the Management.	

**(b) Details of related party transactions during the year ended March 31, 2017 and balances outstanding as at March 31, 2017:**

(Amount in Rs.)

Particular / Nature of Relationship	Current year				Previous Year			
	Subsidiaries	Enterprises over which Individuals and Key Management Personnel and their relatives exercises significant influence	Key Management Personal	Total	Subsidiaries	Enterprises over which Individuals and Key Management Personnel and their relatives exercises significant influence	Key Management Personal	Total
Purchase of Goods	-	842,927,645	-	842,927,645	-	963,442,371	-	963,442,371
Sale of Goods	-	66,466,968	-	66,466,968	-	135,638,888	-	135,638,888
Rendering of Job Work/Services	-	14,313,713	-	14,313,713	-	37,946,402	-	37,946,402
Sale of Fixed Assets	-	7,498,773	-	7,498,773	-	4,427,985	-	4,427,985
Receiving of Job Work/Services	-	224,160,465	-	224,160,465	-	229,200,193	-	229,200,193
Leasing or hire purchase arrangements	-	20,685,000	-	20,685,000	-	20,500,800	-	20,500,800
Remuneration	-	-	26,269,230	26,269,230	-	-	31,000,953	31,000,953
Re-imbursment Paid	2,861,700	5,321,415	-	8,183,115	-	3,261,291	-	3,261,291
Re-imbursment Received	-	920,953	-	920,953	-	2,404,464	-	2,404,464
Investment in equity instrument- 2545887 Ontario Inc., Canada	1,013,907,240	-	-	1,013,907,240	-	-	-	-
<b>Total</b>	<b>1,016,768,940</b>	<b>1,182,294,932</b>	<b>26,269,230</b>	<b>2,225,333,102</b>	<b>-</b>	<b>1,396,822,394</b>	<b>31,000,953</b>	<b>1,427,823,347</b>
Balance out-standing at the year end								
Trade Receivable	2,861,700	-	-	2,861,700	-	-	-	-
Trade Payable	-	47,949,274	7,565,190	55,514,464	-	153,504,458	14,556,191	168,060,649

Name of related party & nature of related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between related parties.

**NOTE '32' – OPERATING LEASE**

Lease payments recognized in Statement of Profit and Loss – Rs. 19,222,206/- (Previous year-Rs. 19,385,630/).

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	18,000,000	18,656,364
Later than one year but not later than five years	9,000,000	27,000,000
Later than five years	NIL	NIL

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

(Amount in Rs.)

Particulars	Current Year	Previous Year
Face value of Share	10	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	203,801,074	211,642,286
EPS Basic / Diluted (B/A)	10.86	11.28



**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 assets	(56,253,414)	(63,604,830)
<b>Tax effect of items constituting deferred tax liability</b>	<b>(56,253,414)</b>	<b>(63,604,830)</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for doubtful debts / advances	1,509,096	5,232,559
Disallowances under Section 43B of the Income Tax Act, 1961	23,761,645	22,477,608
Provision for rate difference	8,403,816	8,558,890
<b>Tax effect of items constituting deferred tax assets</b>	<b>33,674,557</b>	<b>36,269,057</b>
<b>Net deferred tax (liability) / asset</b>	<b>(22,578,857)</b>	<b>(27,335,773)</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. 60,178,175/-** after adjusting advances (Previous year **Rs. 24,166,275/-**)

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	Asst. Commissioner Customs Export	-	5,500,000
2	Dy. Commissioner Customs Export, Tughlakabad, Delhi	154,224	154,224
3	Deputy Commissioner of Customs	1,178,750	1,178,750
4	The Commercial Taxes officer, Bhiwadi, Rajasthan	-	599,793
5	The President of India (Through Asstt. / Dy Commissioner of Customs)	63,000	63,000
6	Commissioner of Custom	25,000	25,000
7	The President of India (Through Asstt. / Dy Commissioner of Customs)	95,500	95,500
8	The Commercial Taxes officer, Bhiwadi, Rajasthan	-	3,997,603
9	Dy. Commissioner Customs Export	130,000	130,000
10	The President of India (Through Asstt. / Dy Commissioner of Customs)	475,000	475,000
11	Deputy Commissioner of Customs	624,300	-
12	The President of India (Dy Commissioner of Customs)	729,000	-
13	The Assessing Authority SalesTax Department, Haryana	50,000	-
14	Deputy Commissioner of Customs	840,000	-
15	The President of India (Dy Commissioner of Customs)	762,900	-
16	Deputy Commissioner of Customs	723,400	
17	Deputy Commissioner of Customs	624,300	
18	Deputy Commissioner of Customs	624,200	
19	The Assessing Authority SalesTax Department, Haryana	50,000	
20	Subh Enterprises (Solar Power Project)	17,500,000	-
21	Subh Enterprises (Solar Power Project)	1,250,000	-
	<b>Total</b>	<b>25,899,574</b>	<b>12,218,870</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	NIL (85,598)	Disposed by Tribunal, RK Puram, Delhi
2	Central Excise Act, 1944	Sep'11 to Jun'12	NIL (217,316)	Disposed by Commissioner (Appeals), Central Excise, Jaipur
3	Central Excise Act, 1944	Aug'12 to Jul,14	NIL (915,720)	Disposed by Commissioner (Appeals), Central Excise, Gurgaon, Haryana.
4	Central Excise Act, 1944	Aug'13 to Jul'14	NIL (57,400)	Disposed by Commissioner (Appeals), Central Excise, Delhi
5	Income Tax Act, 1961	A.Y. 2013-14	869,191 (869,191)	Commissioner of Income Tax (Appeals), Delhi
6	Income Tax Act, 1961	A.Y. 2008-09	256,368 (256,368)	Income Tax Appellate Tribunal
7	Income Tax Act, 1961	A.Y. 2012-13	352,960 (352,960)	Commissioner of Income Tax (Appeals), Delhi
8	Income Tax Act, 1961	A.Y. 2010-11	2,540,000 (2,540,000)	Income Tax Appellate Tribunal, Delhi
9	Income Tax Act, 1961	A.Y. 2014-15	336,860 (NIL)	Commissioner of Income Tax (Appeals), Delhi
		<b>Total</b>	<b>4,355,379</b> <b>(5,294,553)</b>	

**Note:- Figures in brackets relates to the previous year**

**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	2016 to 2017	247,335 (NIL)	Additional Commissioner, Central Excise, Bhiwadi, Rajasthan
2	Central Excise Act 1944	Aug'14 to Jul'15	2,023,430 (2,023,430)	Additional Commissioner, Central Excise, Gurgaon, Haryana
3	Central Excise Act 1944	Aug'15 to Feb'17	3,615,459 (NIL)	Additional Commissioner, Central Excise, Gurgaon, Haryana
		<b>Total</b>	<b>5,886,224</b> <b>(2,023,430)</b>	

**Note:- Figures in brackets relates to the previous year**

(3) 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**

(Amount in Rs.)

<b>Provision for doubtful debts (of Trade Receivables)</b>	<b>Current Year</b>	<b>Previous Year</b>
At the beginning of the year	15,119,506	4,968,757
Additional provision during the year	567,256	13,097,508
Amount utilized during the year	(11,326,221)	(2,946,759)
At the end of the year	<b>4,360,540</b>	<b>15,119,506</b>

<b>Provision for doubtful debts (of Advance to Suppliers)</b>		
At the beginning of the year	-	4,805,085
Additional provision during the year	-	-
Amount utilized during the year (bad debts)	-	4,805,085
At the end of the year	-	-

<b>Provision for Rate Difference</b>	<b>Current Year</b>	<b>Previous Year</b>
At the beginning of the year	24,730,959	-
Additional provision during the year	-	24,730,959
Amount utilized during the year	(448,087)	-
At the end of the year	<b>24,282,872</b>	<b>24,730,959</b>

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

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

<b>Particulars</b>	<b>Current Year</b>		<b>Previous Year</b>	
	<b>Receivable/ (Payable)</b>	<b>Receivable/(Payable) in Foreign currency</b>	<b>Receivable/ (Payable)</b>	<b>Receivable/(Payable) in Foreign currency</b>
	Rupees	(indicate amount with currency)	Rupees	(indicate amount with currency)
Export Receivables	182,197,623	USD 2,863,471.80	240,563,893	USD 3,693,593.77
Export Receivables	35,521,373	EUR 503,278.17	30,320,222	EUR 413,494.49
Export Receivables	3,017,975	GBP 38,048.10	3,686,376	GBP 39,553.39
Advance to supplier	2,370,282	EUR 34,820.85	1,876,369	EUR 25,588.01
Advance to supplier	23,126	CHF 364.54	24,479	CHF 364.54
Advance to supplier	-	-	3,710,175	USD 56,965.69
Advance to supplier	-	-	-	-
Advance from customer	(12,817,087)	(USD 194,257.16)	(22,155,290)	(USD 330,330.85)
Advance from customer	(336,105)	(GBP 4,071.53)	-	-
Payable for Imports & others	(46,617,928)	(USD 706,273.29)	(116,300,874)	(USD 1,734,022.29)
Payable for Imports & others	(3,620,814)	(EUR 51,300.84)	(4,832,704)	(EUR 63,313.31)
Payable for Imports & others	-	-	(251,640)	(CHF 3,600.00)
Foreign Currency loans	(801,840,000)	(USD 12,000,000.00)	-	-
Foreign Currency loans	(40,936,400)	(EUR 580,000.00)	(44,271,400)	(EUR 580,000.00)
Interest on Foreign Currency Loans	(1,043,461)	(USD 15,814.81)	-	-
Interest on Foreign Currency Loans	(99,498)	(EUR 1,409.72)	(93,940)	(EUR 1,230.71)

- b) The Company enters into forward exchange contracts to hedge its foreign currency exposures relating to the underlying transaction and firm commitments. The Company has not entered into any derivative instruments for trading or speculative purpose.

The Category wise derivative instruments outstanding as at March 31, 2017 are as under :

S. No.	Particulars	Current Year		Previous Year	
		Currency bought	Currency sold	Currency bought	Currency sold
1	Foreign currency forward contract				
	Hedging	-	USD 10,595,786	-	-

#### **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.)

Particulars	Current Year		Previous Year	
	Balance as March 31, 2017	Interest on Late Payment	Balance as March 31, 2017	Interest on Late Payment
Amount remaining unpaid to suppliers	8,987,219	6,059	10,711,915	-
Amount of Interest paid under the Act	-	-	-	-
Amount of Interest due and payable for the period	-	-	-	-
Amount of Interest accrued and unpaid	-	-	-	-
Amount of further interest due and payable in 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	26,260,749	29,793,537
Capital goods	32,549,916	27,102,352
Raw Material	-	20,389,117

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

(Amount in Rs.)

S. No.	Particulars	Current Year	Previous Year
1	Foreign Travel Expenses	4,878,534	12,093,017
2	Training & Seminar	404,386	1,338,180
3	Technical Services	37,200,792	8,180,817
4	E C B Interest	2,486,427	2,870,412
5	Professional Services	18,190,838	4,366,572
6	Interest on Buyers Credit	549,608	524,780
	<b>Total</b>	<b>63,710,584</b>	<b>29,373,777</b>



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

(Amount in Rs.)

Particulars	Current Year	Previous Year
Exports at F.O.B. Value	1,049,279,853	1,078,446,910

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

(Amount in Rs.)

Particulars	Imported		Indigenous	
	Current Year	Previous Year	Current Year	Previous Year
Stores & Spares (Values In Rs.)	26,260,749	29,793,537	243,996,876	250,057,466
Percentage	9.72%	10.65%	90.28%	89.35%
Raw Material (Value In Rs.)	-	20,389,117	1,955,878,203	2,089,321,243
Percentage	0.00%	0.97%	100.00%	99.03%

**NOTE '44' – RESEARCH AND DEVELOPMENT EXPENDITURE**

(Amount in Rs.)

Details of research and development expenditure recognized as an expense	Current Year	Previous Year
Employee Benefits Expenses	13,651,065	14,470,086
Material Consumed	787,465	581,987
Stores and Spares Consumed	13,823,363	1,017,665
<b>Total</b>	<b>28,261,893</b>	<b>16,069,738</b>

(As Identified and certified by Management)

**NOTE '45' – CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE**

The Company was required to spend Rs. 55,21,371 /- 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 thereunder.

- (a) Gross amount required to be spent during the Year Rs. 55,21,371 /-  
 (b) Amount spent during the year as below:

(Amount in Rs.)

Detail of amount spent on CSR Projects during the year	In cash	Total
Education, Technical Education including Research & Development	4,807,850	4,807,850
Health	500,000	500,000
Integrity Community Development	215,000	215,000
<b>Total</b>	<b>5,522,850</b>	<b>5,522,850</b>

**NOTE '46' PRIOR PERIOD EXPENSES**

Other Expenses includes Prior Period Expenses of Rs. 73,845/- (Refer Note:-27), details of which are as under:-

(Amount in Rs.)

Particulars	Current Year	Previous Year
Repair & Maintenance – Other	-	90,000
Salary, Wages & Perquisites	-	2,246
Travelling Staff- Domestic	14,479	-
Taxi Hire Charges	30,371	-
Professional Charges	23,995	-
Repairs & Maintenance - Plant/ Machinery	5,000	-
<b>Total</b>	<b>73,845</b>	<b>92,246</b>

**NOTE '47' - DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)**

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E), dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016, the denomination wise SBNS and other notes as per the notification is given below:

(Amount in Rs.)

Particulars	SBNS*	Other Denomination Notes	Total
Closing cash in hand as on November 08, 2016	164,500	309,792	474,292
(+) Permitted Receipts	-	1,268,105	1,268,105
(-) Permitted Payments	1,000	1,162,309	1,163,309
(-) Amount deposited in Banks	163,500	-	163,500
Closing cash in hand as on December 30, 2016	Nil	415,588	415,588

\*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

**NOTE '48'**

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 '49'**

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 '50'**

The figures have been rounded off to the nearest rupee.

**NOTE '51' – PREVIOUS YEAR FIGURES**

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

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

AS PER OUR REPORT OF EVEN DATE  
FOR GUPTA VIGG & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION. NO. 001393N

SANDEEP DINODIA  
DIRECTOR

PRANAV KAPURIA  
MANAGING DIRECTOR

CA. DEEPAK POKHRIYAL  
PARTNER  
MEMBERSHIP NO. 524778

S. K. KHATRI  
COMPANY SECRETARY

VIJAY MATHUR  
CHIEF FINANCIAL OFFICER

PLACE : NEW DELHI  
DATE : 29.05.2017



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

### I. Registration Details

Registration No. 004536                      State Code 17                      (Refer code list)  
Balance Sheet Date                      Date 31      Month 3                      Year 2017

### 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 RS. THOUSANDS)

Total Liabilities	42,10,738	Total Assets	42,10,738
<u>Sources of Funds</u>			
Paid up Capital	1,87,680	Reserves & Surplus	19,56,976
Long term borrowings	8,03,175	Long term provisions	33,880
Deferred tax liabilities (net)	22,579	Other long term liabilities	-
Short term borrowings	5,13,876	Trade payables	3,75,117
Other current liabilities	2,85,953	Short term provisions	31,502
<u>Application of Funds</u>			
Net Fixed Assets	16,89,148	Non current Investments	10,14,591
Long term loans and advances	55,761	Inventories	3,47,070
Trade Receivables	6,90,125	Cash and Bank Balances	1,39,966
Short term loans and advances	1,89,981	Other non current assets	43,405
Other current assets	40,691		

### IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover	45,26,160	Total expenditure	42,07,560
Profit/Loss before Tax	3,18,600	Profit/Loss after Tax	2,03,801
Earning per share in Rs.	10.86	Dividend rate	12.5%

### 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**

**SANDEEP DINODIA  
DIRECTOR**

**PRANAV KAPURIA  
MANAGING DIRECTOR**

**S. K. KHATRI  
COMPANY SECRETARY**

**VIJAY MATHUR  
CHIEF FINANCIAL OFFICER**

**PLACE : NEW DELHI  
DATE : 29.05.2017**



# Independent Auditors' Report

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

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of The Hi-Tech Gears Limited, formerly known as Hi-Tech Gears Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 there under.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31 March, 2017 and their consolidated profit and their consolidated cash flows for the year ended on that date.

## **Other Matters**

We did not audit the financial statements/financial information of subsidiaries, whose financial statements/financial information reflect total assets of Rs. 2,376,786,403 as at 31 March, 2017, total revenue of Rs. 235,684,744 and net cash flows amounting to Rs. (297,762,245) for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements/financial information.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to the unaudited Financial Statements / Financial Information, certified by the Management of respective companies.

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

1. 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, is not



applicable in case of Consolidated Financial Statements.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated 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 of the holding company as on 31 March, 2017 taken on record by the Board of Directors of the holding company, none of the directors of the holding company is disqualified as on 31 March, 2017 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 holding company and the operating effectiveness of such controls, refer to our separate report in Annexure-A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the holding company.

(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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 34 B (2) to the consolidated financial statements.
- (ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- (iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the holding company.
- (iv) The holding company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes, as defined in the Notification S.O. 3407(E), dated the November 08, 2016 of the Ministry of Finance, during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the holding company - Refer Note 37.1 to the consolidated financial statements.

**For Gupta Vigg & Co.  
Chartered Accountants  
Firm's Registration No.: 001393N**

**Place: New Delhi  
Date: May 29, 2017**

**CA. Deepak Pokhriyal  
Partner  
Membership Number: 524778**



**Annexure - A to the Independent Auditors' Report  
Report on the Internal Financial Controls Over Financial  
Reporting under Clause (i) of Sub-section 3 of Section  
143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of The Hi-Tech Gears Limited, formerly known as Hi-Tech Gears Limited ("the Holding Company"), which is a company incorporated in India, as of that date.

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

The Board of Directors of the Holding Company, which is a company incorporated in India, are 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 the 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") issued by the ICAI 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 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 Holding Company, which is a company incorporated in India, 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 2017, 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.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to holding company, which is a company incorporated in India. We did not audit the internal financial controls over financial reporting in so far as it relates to the subsidiaries companies, which are companies incorporated outside India, whose financial statements/ financial information reflect total assets of Rs. 2,376,786,403 as at 31 March, 2017, total revenue of Rs. 235,684,744 and net cash flows amounting to Rs. (297,762,245) for the year ended on that date, as considered in the consolidated financial statements.

**For Gupta Vigg & Co.  
Chartered Accountants  
Firm's Registration No.: 001393N**

**Place: New Delhi  
Date: May 29, 2017**

**CA. Deepak Pokhriyal  
Partner  
Membership Number: 524778**





**THE HI-TECH GEARS LIMITED**  
(FORMERLY KNOWN AS HI-TECH GEARS LIMITED)  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017**

Particulars	Note No.	As at March 31, 2017 (Rs.)
<b>I. EQUITY AND LIABILITIES</b>		
<b>(1) SHAREHOLDERS' FUNDS</b>		
(a) Share capital	2	18,76,80,000
(b) Reserves and surplus	3	1,84,73,60,546
<b>(2) NON-CURRENT LIABILITIES</b>		
(a) Long-term borrowings	4	2,52,15,16,011
(b) Long-term provisions	5	3,38,80,073
<b>(3) CURRENT LIABILITIES</b>		
(a) Short-term borrowings	6	74,37,33,749
(b) Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	7	89,87,219
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		56,53,53,707
(c) Other current liabilities	8	89,72,82,174
(d) Short-term provisions	9	3,15,01,624
<b>Total</b>		<b>6,83,72,95,103</b>
<b>II. ASSETS</b>		
<b>(1) NON-CURRENT ASSETS</b>		
(a) Fixed assets	10	
(i) Tangible assets		2,70,82,02,749
(ii) Intangible assets		1,29,30,89,591
(iii) Capital work-in-progress		2,81,06,724
(b) Non-current investments	11	6,83,425
(c) Deferred tax assets (net)	12	12,46,31,263
(d) Long term loans and advances	13	9,95,46,287
(e) Other non-current assets	14	5,54,86,040
<b>(2) CURRENT ASSETS</b>		
(a) Inventories	15	53,26,60,452
(b) Trade receivables	16	1,01,49,44,797
(c) Cash and bank balances	17	70,35,88,591
(d) Short term loans and advances	18	23,17,71,780
(e) Other current assets	19	4,45,83,404
<b>Total</b>		<b>6,83,72,95,103</b>

See accompanying notes forming part of the consolidated financial statements

1-41

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

**AS PER OUR REPORT OF EVEN DATE  
FOR GUPTA VIGG & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION. NO. 001393N**

**SANDEEP DINODIA  
DIRECTOR**

**PRANAV KAPURIA  
MANAGING DIRECTOR**

**CA. DEEPAK POKHRIYAL  
PARTNER  
MEMBERSHIP NO. 524778**

**S. K. KHATRI  
COMPANY SECRETARY**

**VIJAY MATHUR  
CHIEF FINANCIAL OFFICER**

**PLACE : NEW DELHI  
DATE : 29.05.2017**

# THE HI-TECH GEARS LIMITED

(FORMERLY KNOWN AS HI-TECH GEARS LIMITED)

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	For the year ended March 31, 2017 (Rs.)
I. Revenue from operations	20	5,16,12,93,119
Less: Excise duty		43,62,21,321
		4,72,50,71,798
II. Other income	21	3,18,79,624
III. <b>Total Revenue (I +II)</b>		<b>4,75,69,51,422</b>
IV. <b>EXPENSES</b>		
Cost of materials consumed	22	2,22,08,42,300
Purchases of stock-in-trade (traded goods)	23	20,72,84,715
Changes in inventories of finished goods and work-in-progress	24	72,02,551
Employee benefits expense	25	78,82,04,257
Finance costs	26	3,04,29,992
Depreciation and amortization expense	10	24,08,85,370
Other expenses	27	93,89,42,366
		<b>4,43,37,91,551</b>
V. <b>Total Expenses</b>		<b>4,43,37,91,551</b>
VI. Profit before exceptional and extraordinary items and tax (III-V)		32,31,59,871
VII. Exceptional items		-
VIII. Profit before extraordinary items and tax (VI-VII)		32,31,59,871
IX. Extraordinary items		-
X. Profit before tax (VIII-IX)		32,31,59,871
XI. Tax expense:		
(a) Current income tax		12,17,02,390
(b) Deferred tax		(47,56,916)
(c) Income tax for earlier years		65,56,279
XII. Profit for the period from continuing operations (X-XI)		19,96,58,118
XIII. Profit from discontinuing operations		-
XIV. Tax expense of discontinuing operations		-
XV. Profit from discontinuing operations (XIII-XIV)		-
XVI. Profit for the period (XII+XV)		<b>19,96,58,118</b>
Number of shares for the purpose of calculating EPS		1,87,68,000
Earnings per equity share of Rs. 10/- each		
1. Basic		10.64
2. Diluted		10.64

See accompanying notes forming part of the consolidated financial statements

1-41

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

**AS PER OUR REPORT OF EVEN DATE  
FOR GUPTA VIGG & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION. NO. 001393N**

**SANDEEP DINODIA  
DIRECTOR**

**PRANAV KAPURIA  
MANAGING DIRECTOR**

**CA. DEEPAK POKHRIYAL  
PARTNER  
MEMBERSHIP NO. 524778**

**S. K. KHATRI  
COMPANY SECRETARY**

**VIJAY MATHUR  
CHIEF FINANCIAL OFFICER**

**PLACE : NEW DELHI  
DATE : 29.05.2017**



# THE HI-TECH GEARS LIMITED

(FORMERLY KNOWN AS HI-TECH GEARS LIMITED)

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2017

Particulars	For the year ended March 31, 2017 (Rs.)	
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax		32,31,59,871
<i>Adjustments for:</i>		
Depreciation and amortisation	24,08,85,370	
(Profit) / loss on sale of fixed assets	(28,73,014)	
Finance costs	3,04,29,992	
Interest income	(1,43,68,413)	
Dividend income	(10,725)	
Liabilities / provisions no longer required written back	(49,13,767)	
Provision for doubtful trade & other receivables, loans & advances	5,67,256	
Unrealised foreign exchange (Gain) / Loss (Net)	62,76,821	
		25,59,93,520
Operating profit / (loss) before working capital changes		57,91,53,391
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(99,86,191)	
Trade receivables	(17,81,74,386)	
Short-term loans and advances	(24,86,666)	
Long-term loans and advances	(2,78,24,781)	
Other current assets	(1,95,32,900)	
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	63,94,426	
Other current liabilities	(15,86,81,384)	
Long-term provisions	20,11,065	
Short-term provisions	4,42,012	
		(38,78,38,805)
		19,13,14,586
Cash flow from extraordinary items		-
Cash generated from operations		19,13,14,586
Net income tax (paid) / refunds		(14,01,22,015)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>5,11,92,571</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(14,65,73,087)	
Proceeds from sale of fixed assets	1,41,87,833	
(Increase) / decrease in non current assets	(1,05,07,27,780)	
Interest received	1,72,11,363	
Dividend received	10,725	
		(1,16,58,90,946)
Cash flow from extraordinary items		-
Net income tax (paid) / refunds		-
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(1,16,58,90,946)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings	74,42,29,861	
Repayment of long-term borrowings	(1,79,18,576)	



Particulars	For the year ended March 31, 2017 (Rs.)	
Net increase / (decrease) in working capital borrowings	15,61,61,519	
Finance cost	(1,86,21,632)	
Dividends paid	(5,15,11,899)	
Tax on dividend	(1,06,14,447)	80,17,24,826
Cash flow from extraordinary items		-
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>80,17,24,826</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(31,29,73,549)</b>
Cash and cash equivalents at the beginning of the year		1,01,65,62,140
Effect of exchange differences of foreign currency Cash and cash equivalents		
<b>Cash and cash equivalents at the end of the year</b>		<b>70,35,88,591</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet		70,35,88,591
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 <i>Cash Flow Statements (FDR in margin money &amp; accrued interest thereon)</i>		2,16,19,195
<b>Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>)</b>		<b>68,19,69,396</b>
Add: Current investments considered as part of cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i> )		
<b>Cash and cash equivalents at the end of the year *</b>		<b>68,19,69,396</b>
Comprises:		
(a) Cash on hand		10,40,166
(b) Balances with banks		
(i) In current accounts		62,20,16,566
(ii) In EEFC accounts		5,89,12,664
(iii) In deposit accounts with original maturity of less than 3 months		-
		<b>68,19,69,396</b>

See accompanying notes forming part of the consolidated financial statements

1-41

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

AS PER OUR REPORT OF EVEN DATE  
FOR GUPTA VIGG & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION. NO. 001393N

SANDEEP DINODIA  
DIRECTOR

PRANAV KAPURIA  
MANAGING DIRECTOR

CA. DEEPAK POKHRIYAL  
PARTNER  
MEMBERSHIP NO. 524778

S. K. KHATRI  
COMPANY SECRETARY

VIJAY MATHUR  
CHIEF FINANCIAL OFFICER

PLACE : NEW DELHI  
DATE : 29.05.2017



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

### Summary of Significant Accounting Policies

#### 1.1 Corporate Information

The Hi-Tech Gears Limited (HGL or 'the Company') was incorporated in India on Oct 23rd, 1986 and is engaged primarily in the manufacture and sale of components to automotive original equipment manufacturers and Tier 1 suppliers. The Company is a public limited company and is listed in the Bombay Stock Exchange and National Stock Exchange. The Group comprises of THGL and its seven wholly-owned overseas subsidiaries (including step-down subsidiaries). The Group has manufacturing plants in India, Canada and USA.

#### 1.2 Basis of Preparation of Consolidated Financial Statements

The Consolidated Financial Statements have been 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.

#### 1.3 Principles of Consolidation

In respect of subsidiary company, the financial statement have been consolidated on line by line basis by adding together the book value of like items of assets, liabilities, income and expenses and after fully eliminating intra group balances and unrealized profits/losses on intra-group transactions as per AS 21 "Consolidated Financial Statements". The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the financial statements as goodwill/capital reserve.

The financial statements of foreign subsidiaries are prepared by them on the basis of generally accepted accounting principles, local laws and regulations as prevalent in their respective countries and such financial statements are considered for consolidation.

For the purpose of preparation of the Consolidated financial statements the foreign currency assets, liabilities, income and expenditure are translated as per Accounting Standard (AS-11) on "Accounting for the Effects of Changes in Foreign Exchange Rates", notified under the Act. Exchange differences arising are recognised in the statement of profit and loss or in the 'Foreign Currency Translation Reserve classified under the head Reserves and Surplus as applicable, as per the above mentioned Accounting Standard.

List of Subsidiaries considered for consolidation is as follows:

S. No.	Name of Entity	Nature of Relationship	Country of Incorporation	% of Holding
1.	2545887 Ontario Inc.	Subsidiary Company	Canada	100%
2	Teutech Industries Inc.	Step Down Subsidiary	Canada	100%
3	2504584 Ontario Inc.	Step Down Subsidiary	Canada	100%
4	2323532 Ontario Inc.	Step Down Subsidiary	Canada	100%
5	Teutech Holdings Co.	Step Down Subsidiary	USA	100%
6	Teutech Leasing Co.	Step Down Subsidiary	USA	100%
7	Teutech LLC	Step Down Subsidiary	USA	100%

#### 1.4 Use of Estimates

In preparing the consolidated 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 Consolidated 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.

#### 1.5 Inventories

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

Stores, Spares and Loose Tools and Raw Materials:	At cost or Net realizable value, whichever is lower (FIFO)
Work in progress:	At material cost plus conversion cost on the basis of absorption costing or net realizable value, whichever is lower.
Finished Goods:	At material cost plus conversion cost on the basis of absorption costing or net realizable value, whichever is lower (Inclusive of excise duty payable)
Scrap:	At realizable value.

Net realizable 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.

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

The Group 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 Group 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 Group.

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

## **1.7 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 the dividend 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.

## **1.8 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 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.

In case of foreign subsidiaries, since they operate in different set of environment in their respective countries, depreciation is charged based on local laws.

## **1.9 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 recognized 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.

## **1.10 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 31st 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.1st April 2007 and depreciated over the balance life of the asset.

(iv) Derivative Instruments and Hedge accounting:  
The Group 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 Group 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.

#### **1.11 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.

#### **1.12 Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary cost incurred in connection with the arrangement of borrowings and exchanges differences arising from foreign currency borrowing to the extent they are regarded as an adjustment to the interest 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.

#### **1.13 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.

#### **1.14 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 laws. Deferred income taxes reflect 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. The deferred tax assets (Net) and deferred tax liabilities (Net) are determined separately for the parent and each subsidiary, as per their applicable laws and then aggregated.

#### **1.15 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.

#### **1.16 Impairment of Assets**

At each Balance Sheet date, the Group reviews whether there is any indication that an asset may be impaired. If any such indication exists, the Group 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.

#### **1.17 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 recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

#### **1.18 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.

#### **1.19 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 receptor 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.

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

**THE HI-TECH GEARS LIMITED**  
(FORMERLY KNOWN AS HI-TECH GEARS LIMITED)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017**

Particulars		As at March 31, 2017 (Rs.)
<b>NOTE '2' - SHARE CAPITAL</b>		
(a) Authorised Capital 20,000,000 Equity shares of Rs. 10/- each with voting rights (Previous year 20,000,000 Equity shares of Rs. 10/- each with voting rights)		20,00,00,000
(b) Issued, Subscribed and fully Paid-up 18,768,000 Equity shares of Rs. 10/- each & fully paid up with voting rights (Previous year 18,768,000 Equity shares of Rs. 10/- each fully paid up with voting rights)		18,76,80,000
(c) Reconciliation of the number of Equity Shares with voting rights		
	Current year	
Shares outstanding at the beginning of the year	18,768,000	
Add : Shares issued during the year	Nil	
Less: Shares forfeited during the year	Nil	
Shares outstanding at the end of the year	18,768,000	
(d) Equity Shares held by shareholders holding more than 5% of total number of shares with voting rights		
Name of Share Holder	Current year No of Shares	%
Vulcan Electro Controls Ltd	1,082,000	5.77
Olympus Electrical Industries Pvt. Ltd.	1,745,200	9.30
Hi-Tech Portfolio Investments Ltd.	1,971,876	10.51
Mr. Deep Kapuria	3,117,461	16.61
(e) Terms/rights attached to Equity Shares 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 & 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 Regulations. 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. The distribution will be in proportion to the number of equity shares held by the shareholders.		



Particulars						As at March 31, 2017 (Rs.)		
<b>NOTE '3' - RESERVES &amp; SURPLUS</b>								
(a) Capital Reserve								
(i) Central Investment Subsidy Closing balance							15,00,000	
(ii) State Capital Investment Subsidy Closing balance							68,46,000	
(b) Revaluation Reserve - Land Closing balance							30,16,43,801	
(c) Corporate Social Responsibility Reserve Closing balance							1,39,89,000	
(d) General Reserve								
Balance as per last Balance Sheet							28,40,87,991	
Add : Transferred from surplus during the year							1,00,00,000	
Closing balance							-	29,40,87,991
(e) Hedging Reserve								
Balance as per last Balance Sheet							-	
Add : Created during the year							1,24,61,573	
Less: Utilised during the year							-	
Closing balance							-	1,24,61,573
(f) Foreign Currency Translation Reserve A/c								
Balance as per last Balance Sheet								
Add : During the year							(10,91,56,540)	
Less: During the year							-	
Closing balance							-	(10,91,56,540)
(g) Surplus in Statement of Profit & Loss								
Balance as per last Balance Sheet							1,16,45,66,507	
Add : Profit for the year							19,96,58,118	
Less: Interim Dividend distributed to equity shareholders Rs. 1.25 per share							2,34,60,000	
Less: Tax on dividend (Interim)							47,75,904	
Less: Transferred to General Reserve							1,00,00,000	
Closing balance							-	1,32,59,88,721
Total								1,84,73,60,546
The Board of Directors, in their meeting held on May 29, 2017, have proposed a final dividend of Rs.1.25 per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting and if approved would result in a cash outflow of Rs. 28,235,904 including corporate dividend tax.								
<b>NOTE '4' - LONG-TERM BORROWINGS</b>								
<b>Secured:</b>								
(a) Standard Chartered Bank ECB Loan (USD 12,000,000)							80,18,40,000	
S. No.	Sanction Amount	Total Installments	Quarterly repayment	Pending Installments	Rate of interest			
1.	USD 12,000,000	5	USD 270,000	21	LIBOR +3.29%			
		4	USD 360,000					
		12	USD 767,500					
	Total	21						



Particulars							As at March 31, 2017 (Rs.)
Security:- The amount is secured by way of an exclusive first charge over the Debt Service Reserve Account (DSRA) Assets created/to be created by the Company in terms of the Facility Agreement (Maximum upto Rs. 91 Million) ; a first ranking pari passu charge over the present and future movable fixed assets of the Company; and a first ranking pari passu charge over the present and future immovable fixed assets of the Company.							
<b>(b) Car Loan</b>							
<b>(i) ICICI Bank Limited</b>							5,00,497
S. No.	Sanction Amount	Total Installments	EMI Rs.	Pending Installments	Rate of interest	Maturity Date	
1.	2,528,000	60	53,871	22	10.50% p.a.	01-Jan-2019	
Security:- The aforesaid car loan is secured by way of hypothecation of specific Car.							
<b>(ii) Kotak Mahindra Prime Ltd.</b>							8,34,700
S. No.	Sanction Amount	Total Installments	EMI Rs.	Pending Installments	Rate of interest	Maturity Date	
1.	2,710,000	36	87,461	22	10.30% p.a.	01-Jan-2019	
Security:- The aforesaid car loan is secured by way of hypothecation of specific Car.							
<b>(c) Integrated Private Debt GP Inc.(IAM PDG) (CAD\$ 35,000,000)</b>							1,71,83,40,814
S. No.	Sanction Amount	Total Installments	Monthly repayment	Pending Installments	Rate of interest		
1	CAD\$ 35,000,000	108*	Straight-line amortization.	108*	5.99% p.a		
Security:- Amount is secured by way of first fixed charge on all fixed assets and working capital assets of the Company through GSA's with a carve out for a bank operating facility which will rank senior on accounts receivable and inventory. The bank operating facility shall not exceed CAD \$10 million, reviewed as mutually required.							
* Loan term - 10 years. Twelve months of interest only payments							
<b>Total</b>							2,52,15,16,011
<b>NOTE '5' - LONG-TERM PROVISIONS</b>							
(a) Provision for employee benefits							
(i) Provision for compensated absences							3,38,80,073
<b>Total</b>							3,38,80,073
<b>NOTE '6' - SHORT-TERM BORROWINGS</b>							
<u>Secured:</u>							
Working capital-loans / loans repayable on demand from banks:							
(a) Citi Bank -N.A.							
Rate of interest:- 11.25% p.a.							10,54,79,671
Security:-Amount is secured by way of first charge on pari passu basis of all stock in trade, book debts all present and future including machinery and also secured by second pari passu charge on all present and future movable fixed assets. The Charge is also secured by way of second pari passu on immovable property at A-589, Industrial Complex, RIICO, Bhiwadi.							
(b) Citi Bank -Packing Credit							
Rate of interest:- 6.00% p.a.							12,00,00,000



Particulars	As at March 31, 2017 (Rs.)
<p>(c) Standard Chartered Bank -Packing Credit Rate of interest:- 6.00% p.a. Security:-Both (b) &amp; (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 pasu on immovable properties at A-589, RIICO, Bhiwadi together with Land &amp; Building, Plant &amp; Machinery &amp; Furniture &amp; Fixture attached/installed and to be attached/installed.</p>	14,00,00,000
<p>(d) State Bank of India - Packing Credit Rate of interest:- 8.55% p.a. 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 pasu charges on the fixed assets of the company. Further, the charge is secured by second pari pasu on immovable property at A-589, RIICO, Bhiwadi.</p>	8,00,00,000
<p>(e) State Bank of India Rate of interest:- 9.25% p.a. 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 pasu charges on the fixed assets of the company. Further, the charge is secured by second pari pasu on immovable property at A-589, RIICO, Bhiwadi.</p>	2,74,46,211
<p>(f) ICICI Bank Limited Rate of interest:- 11.31% p.a. Security:- The Amount is secured by way of first charge on pari pasu basis of all stock in trade, spares &amp; other movable including book debts, bills all present and future ranking pari pasu with other participating banks. The Charge is also secured by way of second pari pasu on immovable property at A-589, Industrial Complex, RIICO, Bhiwadi.</p>	13,788
<p>(g) Citi Bank N.A.,Nassau (Euro 580,000) Rate of Interest :- Libor+1.25% 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.</p>	4,09,36,400
<p>(h) CIBC Commercial Bank Canada Rate of interest:- In CAD - Prime Rate + 0.50 % p.a., In USD - US Base Rate+0.50% p.a. Security:-Amount is secured by way of first charge on pari pasu basis of all Inventory &amp; Account Receivables and also secured by second pari pasu charge on all fixed assets.</p>	22,98,57,679
<b>Total</b>	<b>74,37,33,749</b>
<b>NOTE '7' - TRADE PAYABLES</b>	
(a) Total outstanding dues of micro enterprises and small enterprises	89,87,219
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises**	56,53,53,707
**for related party balances (Due to others) (Refer Note.'30')	
<b>Total</b>	<b>57,43,40,926</b>

Particulars		As at March 31, 2017 (Rs.)
<b><u>NOTE '8' - OTHER CURRENT LIABILITIES</u></b>		
(a) Current maturity of long term debts (Secured term loan from banks) (Refer Note no.4 for security details)-		1,73,82,522
(b) Interest accrued but not due on borrowings		1,14,49,661
(c) Unpaid dividends		13,00,687
(d) Other payables		
(i) Employees benefits payables	8,01,25,520	
(ii) Expenses payable**	22,47,99,795	
(iii) Against purchase of fixed assets	1,07,02,941	
(iv) Advance from customer	2,49,70,398	
(v) Statutory liabilities (Excise duty, Vat, TDS & others)	2,87,25,650	
(vi) Trade security deposits	23,25,000	
(vii) Amount Payable for Acquisition of Business	49,55,00,000	86,71,49,304
**for related party balances (Refer Note: '30')	<b>Total</b>	89,72,82,174
<b><u>NOTE '9' - SHORT TERM PROVISIONS</u></b>		
(a) Provision for employee benefits		
(i) Provision for gratuity	27,34,208	
(ii) Provision for compensated absences	44,84,544	72,18,752
(b) Provision for rate difference (Refer Note: '35')		2,42,82,872
	<b>Total</b>	3,15,01,624



**NOTE '10': FIXED ASSETS**

(Amount In Rs.)

Name of Assets	Gross Block				Depreciation			Net Block	
	Cost as on 01.04.2016	Additions During the Year	Disposals/ sales During the Year	Total as on 31.03.2017	Depreciation as on 01.04.2016	Depreciation/ amortisation expense for the Year	Eliminated on disposal of assets		Total Depreciation as on 31.03.2017
<b>(I) Tangible Assets</b>									
A Land Freehold*	51,57,38,619	2,62,08,364	-	54,19,46,983	-	-	-	-	54,19,46,983
Leasehold	1,85,91,616	-	-	1,85,91,616	5,12,861	2,56,431	-	7,69,292	1,78,22,324
B (i) BUILDING	81,05,37,558	-	-	81,05,37,558	14,47,85,733	1,33,47,167	-	15,81,32,900	65,24,04,658
(ii) RESIDENTIAL FLATS (Leasehold)	57,55,011	-	-	57,55,011	15,49,266	90,304	-	16,39,570	41,15,441
C Plant & equipments	4,20,65,02,834	13,23,10,913	2,72,63,073	4,31,15,50,674	2,63,48,95,632	21,97,80,695	1,64,12,083	2,83,82,64,244	1,47,32,86,430
D Furniture & fixtures	2,71,05,164	5,26,361	-	2,76,31,525	2,31,44,356	10,68,013	-	2,42,12,369	34,19,156
E Vehicles	4,75,02,842	-	92,02,628	3,83,00,214	3,67,19,927	32,75,331	87,42,498	3,12,52,760	70,47,454
F Office equipments	8,39,81,411	42,47,858	74,000	8,81,55,269	7,73,62,208	27,03,058	70,300	7,99,94,966	81,60,303
<b>Total -I</b>	<b>5,71,57,15,055</b>	<b>16,32,93,496</b>	<b>3,65,39,701</b>	<b>5,84,24,68,850</b>	<b>2,91,89,69,983</b>	<b>24,05,20,999</b>	<b>2,52,24,881</b>	<b>3,13,42,66,101</b>	<b>2,70,82,02,749</b>
<b>(II) Intangible Assets</b>									
G Software	7,77,57,684	1,87,304	-	7,79,44,988	7,36,09,488	3,64,371	-	7,39,73,859	39,71,129
H Goodwill**	-	1,28,91,18,462	-	1,28,91,18,462	-	-	-	-	1,28,91,18,462
<b>Total -II</b>	<b>7,77,57,684</b>	<b>1,28,93,05,766</b>	<b>-</b>	<b>1,36,70,63,450</b>	<b>7,36,09,488</b>	<b>3,64,371</b>	<b>-</b>	<b>7,39,73,859</b>	<b>1,29,30,89,591</b>
<b>Grand Total -(I+II)</b>	<b>5,79,34,72,739</b>	<b>1,45,25,99,262</b>	<b>3,65,39,701</b>	<b>7,20,95,32,300</b>	<b>2,99,25,79,471</b>	<b>24,08,85,370</b>	<b>2,52,24,881</b>	<b>3,20,82,39,960</b>	<b>4,00,12,92,340</b>
<b>(III) Capital Work in Progress</b>									
I Plant & machinery	2,52,58,145	2,81,06,724	2,52,58,145	2,81,06,724	-	-	-	-	2,81,06,724
<b>Total-III</b>	<b>2,52,58,145</b>	<b>2,81,06,724</b>	<b>2,52,58,145</b>	<b>2,81,06,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,81,06,724</b>

\* Notes: During the Financial Year 2007-08 the company had revalued its land situated at Revenue Estate of Sihi 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.

\*\* Goodwill represents the excess of purchase consideration over the parents portion of equity of the subsidiary at the date on which investment in subsidiary is made.



Particulars		As at March 31, 2017 (Rs.)
<b><u>NOTE '11' - NON CURRENT INVESTMENTS</u></b>		
Investment in equity instruments		
(a) Trade investment (Unquoted, at cost)		
Investment in equity instruments		
(i) of Other Entity		
Investment in Neo- Tech Auto System, Inc., USA		6,42,925
(Application money paid on 10,00,000 stock at par value of \$ 0.01)		
(b) Other investment (Quoted, at cost)		
Investment in equity instruments		
State Bank of Bikaner & Jaipur		40,500
750 Equity shares of Rs. 10/- Each fully Paid Up		
	Current year	
Aggregate amount of quoted investments	40,500	
Aggregate market value of quoted investments	5,78,888	
Aggregate amount of unquoted investments	6,42,925	
Aggregate provision for diminution in value of investment	Nil	
	<b>Total</b>	6,83,425
<b><u>NOTE '12' - DEFERRED TAX ASSETS (NET)</u></b>		
Opening balance		(2,73,35,773)
Less : Deferred tax during the year (Refer Note.'33')		15,19,67,036
Closing balance		12,46,31,263
<b><u>NOTE '13' - LONG TERM LOANS AND ADVANCES</u></b>		
(Unsecured, considered good)		
(a) Capital advances (Refer Note.'34A')		5,30,40,475
(b) Security deposits		1,46,11,565
(c) Other loan and advances		
(i) Advances to employees	15,05,671	
(ii) Others (Prepaid expenses)	3,03,88,576	3,18,94,247
	<b>Total</b>	9,95,46,287
<b><u>NOTE '14' - OTHER NON CURRENT ASSETS</u></b>		
(a) Balance held as margin money (Against letter of credit & bank guarantees)		8,72,297
Note: Margin money deposits having original maturity of more than 12 months.		
(b) Un-amortized processing fees on borrowings		5,46,13,743
	<b>Total</b>	5,54,86,040
<b><u>NOTE '15' - INVENTORY*</u></b>		
(As valued and certified by the management)		
(a) Raw material		11,88,49,523
(b) Work-in-progress		16,57,82,852
(c) Finished goods (Goods-in-Transit)		4,68,68,502
(d) Stores and spares		20,11,59,575
*At lower of cost or net realisable value (Refer Note.'1.5')	<b>Total</b>	53,26,60,452



Particulars		As at March 31, 2017 (Rs.)
<b><u>NOTE '16' - TRADE RECEIVABLES</u></b>		
(a) Unsecured, considered good		
Outstanding for more than six months from due date	44,67,491	
Others***	1,01,04,77,306	1,01,49,44,797
(b) Doubtful		
Trade receivables	43,60,540	
Less: Provision for doubtful debts (Refer Note.'35')	43,60,540	-
***for related party balances (Refer Note.'30')		
<b>Total</b>		1,01,49,44,797
<b><u>NOTE '17' - CASH AND BANK BALANCES</u></b>		
(a) Cash & cash equivalents (as per AS- 3 Cash Flow Statements)		
(i) Cash on hand (including imprest)		10,40,166
(ii) Balances with banks		
In current A/c*	62,20,16,566	
In EEFC accounts	5,89,12,664	68,09,29,230
(b) Other bank balances		
In unpaid dividend accounts with banks	13,00,687	
In Fixed deposits with banks	1,01,65,280	
In Margin money (Against letter of credit & bank guarantees)	1,01,53,228	2,16,19,195
* the above includes balance lying in Debt Service Reserve Account (DSRA) A/c, which is charged to lender pursuant to the Facility Agreement (Pl. refer Note no. 4 (a) for details)		
<b>Total</b>		70,35,88,591
<b><u>NOTE '18' - SHORT TERM LOANS AND ADVANCES</u></b>		
(a) Unsecured, considered good		
(i) Security deposits		27,33,100
(ii) Loan and advances to employees		44,61,899
(iii) Prepaid expenses		3,08,88,086
(iv) Balances with government authorities (VAT, Excise & Others)		7,57,33,450
(v) Advance tax/Tax deducted at source (Net of provision for tax Rs 41,70,00,000)		2,93,38,212
(vi) Others*		
Amount recoverable in cash or in kind	7,74,88,040	
Advance to supplier	1,11,28,993	8,86,17,033
*for related party balances (Refer Note.'30')		
<b>Total</b>		23,17,71,780
<b><u>NOTE '19' - OTHER CURRENT ASSETS</u></b>		
(a) Interest accrued on deposits and others		4,08,615
(b) Export incentive receivable		2,42,80,894
(c) Derivative assets		1,24,61,573
(d) Un-amortized processing fees on borrowings		74,32,322
<b>Total</b>		4,45,83,404



Particulars		For the year ended March 31, 2017 (Rs.)
<b>NOTE '20' - REVENUE FROM OPERATIONS</b>		
(a) Sale of products		
(i) Sale of manufactured goods		
Transmission gears and shafts - domestic	3,97,77,67,775	
Transmission gears and shafts - export	79,03,92,77	
Software -export	55,05,400	4,77,36,65,952
(ii) Sale of traded goods		
Transmission gears and shafts - export		25,58,54,713
(iii) Sale of services		
Software -services	58,31,605	
{Tax deduction at source Rs. 668,902/-}		
Sales Jobwork	2,16,49,933	2,74,81,538
{Tax deduction at source Rs. 452,645/-}		
(b) Other operating revenue		
Export incentives	3,50,15,973	
Sales scrap	6,92,74,943	10,42,90,916
Less: Excise duty		5,16,12,93,119
		43,62,21,321
	<b>Total</b>	<b>4,72,50,71,798</b>
<b>NOTE '21' - OTHER INCOME</b>		
Interest income on deposits with banks and others		1,43,68,413
Dividend income from long term investment		10,725
Previous year expenses written back		49,13,767
Other non-operating income		
Cash discount	84,86,118	
Profit on sales of fixed assets (Net)	28,73,014	
Miscellaneous receipts	12,27,587	1,25,86,719
	<b>Total</b>	<b>3,18,79,624</b>
<b>NOTE '22' - COST OF MATERIAL CONSUMED</b>		
Opening stock of raw material (Steel rod & forgings)	10,18,64,981	
Add: Purchase during the year (Steel rod & forgings)	2,23,00,54,699	
	2,33,19,19,680	
Less: Closing stock of raw material (Steel rod & forgings)	11,10,77,380	
Raw material consumed (Steel rod & forgings)		2,22,08,42,300
	<b>Total</b>	<b>2,22,08,42,300</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)	20,72,84,715	
Less: Closing stock of purchase of traded goods (Transmission gears & shafts)	-	
Purchase of traded goods (Transmission gears & shafts)	20,72,84,715	20,72,84,715
	<b>Total</b>	<b>20,72,84,715</b>



Particulars		For the year ended March 31, 2017 (Rs.)
<b><u>NOTE '24' - CHANGE IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS</u></b>		
<b>Inventories at the end of the year:</b>		
Finished goods (Transmission gears & shafts)	4,68,68,502	
Work-in-progress (Transmission gears & shafts)	16,57,82,852	
<b>Inventories at the beginning of the year:</b>		
Finished goods (Transmission gears & shafts)	5,16,19,753	
Work-in-progress (Transmission gears & shafts)	16,82,34,152	
<b>Net (increase) / decrease</b>		72,02,551
<b>Total</b>		72,02,551
<b><u>NOTE '25' - EMPLOYEE BENEFIT EXPENSES</u></b>		
Salary, wages & perquisites		71,73,57,133
Contribution to PF, ESI & other funds		3,39,12,648
Labour and staff welfare		3,69,34,476
<b>Total</b>		78,82,04,257
<b><u>NOTE '26' - FINANCE COST</u></b>		
Interest to banks	3,14,97,047	
Interest to others	14,84,664	
Bill discounting charges		1,23,35,334
Loss/(profit) on exchange rate fluctuation		(2,14,82,227)
Bank commission & charges		65,95,174
<b>Total</b>		3,04,29,992
<b><u>NOTE '27' - OTHER EXPENSES</u></b>		
Stores and spares consumed		28,65,13,687
Power and fuel		24,55,44,776
Rent		2,00,14,314
Repairs to building		42,49,581
Machinery repairs		4,01,39,797
Insurance		2,09,54,975
Fees rates & taxes		51,60,344
Charity & donation		1,06,000
Payment to auditors:		
Audit fees	12,00,000	
Reimbursement of expenses	4,60,794	
Other services	2,29,975	18,90,769
Directors' sitting fees		5,85,150
Bad debts		4,82,558
Loss on exchange fluctuation other than finance cost		84,20,592
Corporate social responsibility expenses		55,22,850
Provision for doubtful debts		5,67,256
Increase/(decrease) on excise duty (On finished goods)		9,36,545
Prior period expenses		73,845
Miscellaneous expenses		29,77,79,327
<b>Total</b>		93,89,42,366

**NOTE '28' – DISCLOSURE PURSUANT TO ACCOUNTING STANDARD-15 ON “EMPLOYEE BENEFITS”**

Following information set out the funded and unfunded status of the gratuity plan and leave encasement amounts recognized in the consolidated financial statements as at 31st March, 2017:

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

Particulars	Leave Encasement	Gratuity
	Current Year	Current Year
Discount Rate	7.37%	7.37%
Rate of Increase in Compensation Levels	9.00%	9.00%
Expected Rate of Return of Plan Assets	-	8.25%
Expected Average Remaining Working Life of Employees (Years)	18.33	18.33

**Change in present value of obligation: Amount in Rs**

Particulars	Leave Encasement	Gratuity
	Current Year	Current Year
Present value of obligation as at 01.04.16	35,839,895	111,817,264
Interest Cost	2,867,192	8,945,381
Past Service Cost	-	-
Current Service Cost	7,546,678	10,138,324
Benefits Paid	(9,746,981)	(7,744,340)
Actuarial (gain)/loss on obligations	1,857,833	(5,475,885)
Present value of obligation as at 31.03.17	38,364,617	117,680,744

**Change in the fair value of Plan Assets: Amount in Rs.**

Particulars	Leave Encasement	Gratuity
	Current Year	Current Year
Fair value of Plan Assets as at 01.04.16	-	109,459,500
Expected Return on Plan Assets	-	9,139,868
Employer Contributions	-	4,530,479
Fund Charge	-	(197,707)
Benefits Paid	-	(7,006,662)
Actuarial gain/(loss) on plan assets	-	(266,256)
Fair value of Plan Assets as at 31.03.17	-	115,659,222

**Reconciliation of present value of defined benefit obligation and the fair value of assets: Amount in Rs.**

Particulars	Leave Encasement	Gratuity
	Current Year	Current Year
Present value of funded obligation as at 31.03.17	-	117,680,744
Fair value of Plan Assets as at 31.03.17	-	115,659,222

Particulars	Current Year	Current Year
Present value of unfunded obligation as at 31.03.17	38,364,617	-
Net Liability recognized in Balance Sheet	(38,364,617)	(2,021,522)

**Expenses recognized in the statement of profit and loss: Amount in Rs.**

Particulars	Leave Encasement	Gratuity
	Current Year	Current Year
Current Service Cost	7,546,678	10,138,324
Past Service Cost	-	-
Interest Cost	2,867,192	8,945,381
Expected Return on Plan Assets	-	(9,139,868)
Net Actuarial (Gain)/Loss recognized in the period	1,857,833	(5,209,629)
Total Expenses recognized in the Profit and Loss Account	12,271,703	4,734,208

**Experience Adjustments: Amount in Rs**

Particulars	Current Year
Gratuity	-
Present value of defined benefit plan	117,680,744
Fair value of plan assets	115,659,222
Surplus/(Deficit)	(2,021,522)
Experience on Actuarial Gain/(Loss) for PBO and Plan Assets	-
On Plan PBO	6,957,027
On Plan Assets	(266,256)

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.

In case of subsidiary company and all step down subsidiary companies, no provisions have been made in the consolidated financial statements in respect of Employee Benefits, since the same are not applicable.

**NOTE '29' – SEGMENT INFORMATION (ACCOUNTING STANDARD-17)**

The Group 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 Group 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:

Geographic Segment	Revenues
	Current Year
America	429,897,669
India	3,517,373,673
Others	777,800,456
Total	4,725,071,798



**NOTE '30' – RELATED PARTY DISCLOSURES AS REQUIRED BY ACCOUNTING STANDARD -18**

**(a) 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 Mr. Pranav Kapuria 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. M/s. Vulcan Electro Controls Ltd. The Hi-Tech Robotic Systemz Ltd. The Hi-Tech Engineering System Pvt. Ltd.
(iv) Subsidiaries:	2545887 Ontario Inc., Canada Teutech Industries Inc., Canada Teutech Holding Corporation, USA Teutech LLC, USA Teutech Leasing Corporation, USA 2504584 Ontario Inc., Canada 2323532 Ontario Inc., Canada
Note: Related parties have been identified by the Management.	

**(b) Details of related party transactions during the year ended 31 March, 2017 and balances outstanding as at 31 March, 2017**

Amount in Rs.

Particular / Nature of Relationship	Current Year			
	Subsidiaries	Enterprises over which Individuals and Key Management Personnel and their relatives exercises significant influence	Key Management Personal	Total
Purchases of goods	-	842,927,645	-	842,927,645
Sale of Goods	-	66,466,968	-	66,466,968
Rendering of Job Work/Services	-	14,313,713	-	14,313,713
Sale of Assets	-	7,498,773	-	7,498,773
Receiving of Job Work/Services	-	224,160,465	-	224,160,465
Leasing or hire purchase arrangements	-	20,685,000	-	20,685,000
Remuneration	-	-	26,269,230	26,269,230
Re-imburement Paid	2,861,700	5,321,415	-	8,183,115
Re-imburement Received	-	920,953	-	920,953
<b>Total</b>	<b>2,861,700</b>	<b>11,82,294,932</b>	<b>26,269,230</b>	<b>12,11,425,862</b>

Balance out-standing at the year end				
Trade Receivable	2,861,700	-	-	2,861,700
Trade Payable	-	47,949,274	7,565,190	55,514,464



Name of related party & nature of related party relationship where control exists have been disclosed irrespective of whether or not there have been transactions between related parties.

### **NOTE '31' OPERATING LEASE**

Lease payments recognized in Statement of Profit and Loss – Rs. 20,014,314/-.

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:

	<b>Amount in Rs.</b>
<b>Particulars</b>	<b>Current Year</b>
Not later than one year	18,688,314
Later than one year but not later than five years	10,319,269
Later than five years	NIL

### **NOTE '32' – EARNINGS PER SHARE (EPS)**

	<b>Amount in Rs.</b>
<b>Particulars</b>	<b>Current Year</b>
Face value of Share	10
A) Weighted average no. of Equity Share (in Nos.)	
a) Basic / Diluted	18,768,000
B) Net profit for the year after prior period expenses	199,658,118
EPS Basic / Diluted (B/A)	10.64

### **NOTE '33' – DEFERRED TAX (LIABILITY) / ASSET**

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

	<b>Amount in Rs.</b>
<b>Deferred tax (liability) / asset</b>	<b>Current Year</b>
<b>Tax effect of items constituting deferred tax liability</b>	<b>NIL</b>
<b>Tax effect of items constituting deferred tax assets</b>	
On difference between book balance and tax balance of assets	90,956,706
Provision for doubtful debts / advances	1,509,096
Disallowances under Section 43B of the Income Tax Act, 1961	23,761,645
Provision for rate difference	8,403,816
<b>Tax effect of items constituting deferred tax assets</b>	<b>124,631,263</b>
<b>Net deferred tax (liability) / asset</b>	<b>124,631,263</b>

### **NOTE '34' – 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.60,178,175/-** after adjusting advances.

#### **B. Contingent Liabilities:**

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

		<b>Amount in Rs.</b>
<b>S. No.</b>	<b>Name of the beneficiary</b>	<b>Current year</b>
1	Dy. Commissioner Customs Export, Tughlakabad, Delhi	154,224
2	Deputy Commissioner of Customs	1,178,750
3	The President of India (Through Asstt. / Dy Commissioner of Customs)	63,000
4	Commissioner of Custom	25,000
5	The President of India (Through Asstt. / Dy Commissioner of Customs)	95,500
6	Dy. Commissioner Customs Export	130,000
7	The President of India (Through Asstt. / Dy Commissioner of Customs)	475,000



Amount in Rs.

S. No.	Name of the beneficiary	Current year
8	Deputy Commissioner of Customs	624,300
9	The President of India (Dy Commissioner of Customs)	729,000
10	The Assessing Authority SalesTax Department, Haryana	50,000
11	Deputy Commissioner of Customs	840,000
12	The President of India (Dy Commissioner of Customs)	762,900
13	Deputy Commissioner of Customs	723,400
14	Deputy Commissioner of Customs	624,300
15	Deputy Commissioner of Customs	624,200
16	The Assessing Authority SalesTax Department, Haryana	50,000
17	Subh Enterprises (Solar Power Project)	17,500,000
18	Subh Enterprises (Solar Power Project)	1,250,000
	<b>Total</b>	<b>25,899,574</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	NIL	Disposed by Tribunal, RK Puram, Delhi
2	Central Excise Act, 1944	Sep'11 to Jun'12	NIL	Disposed by Commissioner (Appeals), Central Excise, Jaipur
3	Central Excise Act, 1944	Aug'12 to Jul,14	NIL	Disposed by Commissioner (Appeals), Central Excise, Gurgaon, Haryana.
4	Central Excise Act, 1944	Aug'13 to Jul'14	NIL	Disposed by Commissioner (Appeals), Central Excise, Delhi
5	Income Tax Act, 1961	A.Y. 2013-14	869,191	Commissioner of Income Tax (Appeals), Delhi
6	Income Tax Act, 1961	A.Y. 2008-09	256,368	Income Tax Appellate Tribunal
7	Income Tax Act, 1961	A.Y. 2012-13	352,960	Commissioner of Income Tax (Appeals), Delhi
8	Income Tax Act, 1961	A.Y. 2010-11	2,540,000	Income Tax Appellate Tribunal, Delhi
9	Income Tax Act, 1961	A.Y. 2014-15	336,860	Commissioner of Income Tax (Appeals), Delhi
		<b>Total</b>	<b>4,355,379</b>	

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	2016 to 2017	247,335	Additional Commissioner, Central Excise, Bhiwadi, Rajasthan
2	Central Excise Act 1944	Aug'14 to Jul'15	2,023,430	Additional Commissioner, Central Excise, Gurgaon, Haryana
3	Central Excise Act 1944	Aug'15 to Feb'17	3,615,459	Additional Commissioner, Central Excise, Gurgaon, Haryana
		<b>Total</b>	<b>5,886,224</b>	

- (3) 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 '35' – PROVISIONS**

Amount in Rs.

<b>Provision for doubtful debts (of Trade Receivables)</b>	<b>Current Year</b>
At the beginning of the year	15,119,506
Additional provision during the year	567,256
Amount utilized during the year	(11,326,221)
At the end of the year	4,360,540
<b>Provision for doubtful debts (of Advance to Suppliers)</b>	
At the beginning of the year	-
Additional provision during the year	-
Amount utilized during the year (bad debts)	-
At the end of the year	-
<b>Provision for Rate Difference</b>	
At the beginning of the year	24,730,959
Additional provision during the year	-
Amount utilized during the year	(448,087)
At the end of the year	24,282,872

**NOTE '36' – FINANCIAL INSTRUMENTS: RECOGNITION & MEASUREMENT**

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

Particulars	Current Year	
	Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency
	Rupees	(indicate amount with currency)
Export Receivables	182,197,623	USD 2,863,471.80
Export Receivables	35,521,373	EUR 503,278.17
Export Receivables	3,017,975	GBP 38,048.10
Advance to supplier	2,370,282	EUR 34,820.85
Advance to supplier	23,126	CHF 364.54
Advance to supplier	-	-
Advance to supplier	-	-
Advance from customer	(12,817,087)	(USD 194,257.16)
Advance from customer	(336,105)	(GBP 4,071.53)
Payable for Imports & others	(46,617,928)	(USD 706,273.29)
Payable for Imports & others	(3,620,814)	(EUR 51,300.84)
Payable for Imports & others	-	-
Foreign Currency loans	(801,840,000)	(USD 12,000,000.00)
Foreign Currency loans	(40,936,400)	(EUR 580,000.00)
Interest on Foreign Currency Loans	(1,043,461)	(USD 15,814.81)
Interest on Foreign Currency Loans	(99,498)	(EUR 1,409.72)

- b) The Group enters into forward exchange contracts to hedge its foreign currency exposures relating to the underlying transaction and firm commitments. The Group has not entered into any derivative instruments for trading or speculative purpose.



The Category wise derivative instruments outstanding as at March 31 2017 are as under :

S. No.	Purpose	Current Year	
		Currency bought	Currency sold
	Foreign currency forward contract	-	-
1	Hedging	-	USD 10654970

**NOTE '37' – DISCLOSURE OF ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III OF COMPANIES ACT, 2013, PERTAINING TO PARENT AND SUBSIDIARIES COMPANY**

Name of the Entity	Net Assets (Total Assets-Total liabilities)		Share in Profit or Loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>				
The Hi-Tech Gears Limited	105.4	2,144,655,553	102	203,801,075
<b>Subsidiaries</b>				
<b>Foreign</b>				
2545887 Ontario Inc., Canada	(70.8)	(1,440,228,723)	(12.5)	(24,967,339)
Teutech Industries Inc., Canada	51.6	1,049,658,558	9.0	17,926,729
Teutech Holding Corporation, USA	-	5,184	-	(2,876)
Teutech LLC, USA	1.2	23,613,176	(0.6)	(1,237,985)
Teutech Leasing Corporation, USA	5.3	107,853,022	1.3	2,563,799
2504584 Ontario Inc., Canada	-	-	-	-
2323532 Ontario Inc., Canada	7.3	149,437,115	0.8	1,574,715
<b>Total</b>	<b>100</b>	<b>2,035,040,546</b>	<b>100</b>	<b>199,658,118</b>

**NOTE '37.1' -DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)**

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E), dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016, the denomination wise SBNS and other notes as per the notification is given below:

Particulars	SBNS*	Other Denomination	Total
Closing cash in hand as on November 08, 2016	164,500	309,792	474,292
(+) Permitted Receipts	-	1,268,105	1,268,105
(-) Permitted Payments	1,000	1,162,309	1,163,309
(-) Amount deposited in Banks	163,500	-	163,500
Closing cash in hand as on December 30, 2016	Nil	415,588	415,588

\*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.



**NOTE '38'**

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 '39'**

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 '40'**

The figures have been rounded off to the nearest rupee.

**NOTE '41' – PREVIOUS YEAR FIGURES**

Consolidated financial statements for the Company have been prepared for the first time. Hence comparative figures for the previous period are not presented.

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

**AS PER OUR REPORT OF EVEN DATE  
FOR GUPTA VIGG & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION. NO. 001393N**

**SANDEEP DINODIA  
DIRECTOR**

**PRANAV KAPURIA  
MANAGING DIRECTOR**

**CA. DEEPAK POKHRIYAL  
PARTNER  
MEMBERSHIP NO. 524778**

**S. K. KHATRI  
COMPANY SECRETARY**

**VIJAY MATHUR  
CHIEF FINANCIAL OFFICER**

**PLACE : NEW DELHI  
DATE : 29.05.2017**



## FORM AOC - 1

(Pursuant to first proviso to sub- section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures  
Part - "A" : Subsidiaries

1.	Name of the Subsidiary	2545887 Ontario Inc. ('254')	2504584 Ontario Inc. ('250')	2323532 Ontario Inc. ('232')	Teutech Industries Inc. ('Teutech')	Teutech Holding Corp. ('Teutech Holding')	Teutech Leasing Corp.	Teutech L.L.C
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Oct 16 to Sept 17	Oct 16 to Sept 17	Oct 16 to Sept 17	Oct 16 to Sept 17	Jan 17 to Dec 17	Jan 17 to Dec 17	Jan 17 to Dec 17
3.	a) Reporting Currency and	CAD	CAD	CAD	CAD	USD	USD	USD
	b) Exchange rate as on the relevant Financial year in the case of foreign subsidiaries	Rs. 48.58/CAD	Rs. 48.58/CAD	Rs. 48.58/CAD	Rs. 48.58/CAD	Rs. 64.81/USD	Rs. 64.81/USD	Rs. 64.81/USD
4.	Share Capital	1,01,39,07,240	4,955	4,955	2,30,01,92,361	15,58,94,751	3,332	-
5.	Reserves & Surplus	(18,20,43,217)	(194)	1,58,05,363	(1,09,20,60,607)	13,86,62,436	(5,51,81,836)	(10,81,54,470)
6.	Total Assets	3,10,31,27,068	4,761	15,31,51,439	1,67,69,43,346	29,45,57,187	10,80,25,145	4,12,64,722
7.	Total Liabilities	3,10,31,27,068	4,761	15,31,51,439	1,67,69,43,346	29,45,57,187	10,80,25,145	4,12,64,722
8.	Investments	2,42,20,65,434	4,761	-	14,97,91,102	-	-	-
9.	Turnover	19,57,983	-	24,86,002	21,85,58,881	-	31,23,128	1,60,21,485
10.	Profit before Taxation	(2,49,67,339)	-	21,79,504	2,60,24,330	(2,876)	25,63,799	(12,37,985)
11.	Provision for Taxation	-	-	6,04,790	80,97,600	-	-	-
12.	Profit after Taxation	(2,49,67,339)	-	15,74,715	1,79,26,730	(2,876)	25,63,799	(12,37,985)
13.	Proposed Dividend	-	-	-	-	-	-	-
14.	% of Shareholding	100%	100% (step down subsidiary of 254)	100% (step down subsidiary of 250)	100% (step down subsidiary of 254)	100% (step down subsidiary of Teutech)	100% (step down subsidiary of Teutech Holding)	100% (step down subsidiary of Teutech Holding)

Notes :

- During the year, the Company incorporated a Wholly Owned Subsidiary Company in Canada viz. 2545887 Ontario Inc. ("254") and subscribed 1,98,32,000 common shares of CAD \$ 1 each. "254" has in turn acquired the 100% shares of 2504584 Ontario Inc., Canada ("250") and Teutech Industries Inc., Canada ("Teutech") effective from March 01, 2017. Both "250" and "Teutech" have some existing subsidiary companies in Canada and USA respectively. 2323532 Ontario Inc is the subsidiary of "250" and Teutech Holding Co., Teutech Leasing Co and Teutech LLC are the subsidiary companies of "Teutech". Pursuant to the provisions of the Companies Act, 2013, all such Companies have become the step down subsidiary companies of the Company.
- Subsidiary Company(ies) do not have any investment in the Company.
- Though, the reporting period is different from the Company, however the financials have been drawn as per the Financial Year of the Company.
- There are no Associate or Joint Venture of the Company, hence Part- B of AOC - 1 is not applicable.

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

SANDEEP DINODIA  
DIRECTOR

PRANAV KAPURIA  
MANAGING DIRECTOR

PLACE : NEW DELHI  
DATE : 29.05.2017

S. K. KHATRI  
COMPANY SECRETARY

VIJAY MATHUR  
CHIEF FINANCIAL OFFICER

## NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of The Hi-Tech Gears Limited (Formerly known as Hi-Tech Gears Limited) will be held on Friday, 29th September, 2017 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 Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2017, together with the reports of the Directors' and Auditors' thereon.
2. To confirm the payment of interim dividend & to declare the final dividend on equity shares.
3. To appoint a director in place of Mr. Pranav Kapuria (DIN 00006195), who retires by rotation and being eligible has offered himself for re-appointment.
4. To appoint a director in place of Mr. R.C Jain (DIN 00038529), who retires by rotation and being eligible has offered himself for re-appointment.
5. To appoint M/s O.P. Dadu & Co., 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 thereunder, M/s O.P. Dadu & Co., Chartered Accountants, (Firm Registration No. 001201N), be and are hereby 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 sixth AGM to be held in the year 2022-2023 subject to their ratification by the shareholders of the Company at every 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 period of their appointment.”

### SPECIAL BUSINESS:

#### 6. Approval of remuneration of Cost Auditor for the Financial year 2017-18

To consider and if thought fit, to 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, 2018, 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.

#### 7. Approval of fee for service of documents on members

To consider and if thought fit to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules prescribed there under, consent of the members be and are hereby accorded to the Company that it may charge from a member, an amount upto Rs 100/- (Rupees One Hundred Only) per each document, over and above the estimated actual expenses of delivery of the documents through a particular mode if any request has been made by such member for delivery of such document to him through such mode of service provided such request along with the requisite fee has been duly received by the Company at least one week in advance of the dispatch of document by the Company.

**RESOLVED FURTHER THAT** the Managing Director, Chief Financial Officer and Company Secretary of the Company be and are hereby severally authorized 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.**

**S.K. Khatri  
Company Secretary  
Membership No: - F5459**

Place: New Delhi  
Date: 04/08/2017

**Registered Office:**  
A-589, Industrial Complex,  
Bhiwadi, Dist. 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 23, 2017 to Friday, September 29, 2017 (both days inclusive) for annual closing and determining the entitlement of the shareholders to the Final Dividend for the financial year 2016-17.
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 29, 2017. 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 22, 2017, 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) Regulations, 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. Further all shares in respect of which dividends remain unclaimed for seven consecutive years or more, are also required to be transferred to IEPF. 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 2009-10 and onwards. The proposed date for the transfer of unclaimed final dividend by the Company for the year 2009-10 to IEPF is 2nd November, 2017.
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 2016-17 along with the Notice of the 31st 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 Participant(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 2016-17 along with Notice of the 31st 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 31st Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website [www.thehitechgears.com](http://www.thehitechgears.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. Ms. Akarshika Goel, Practicing Company Secretary and partner of 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 26, 2017 (9:00 a.m.) and ends on September 28, 2017 (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 22, 2017, may cast their vote by remote e-voting.
- g. The process and manner for remote e-voting are as under:
  1. **(I) In case of Members receiving e-mail from NSDL/RTA/Company (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.nsdl.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". and "EVEN" is 106861.
    - (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/ Authority letter etc. 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).

**(II) In case of Members receiving Physical copy of Notice of 31st Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participant(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 22nd September, 2017.
  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. 22nd September, 2017, 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. 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.
  10. 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.
  11. 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.6**

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 2017-18 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.6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018.

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. 6 of the Notice.

Your Directors recommend the resolution set forth in item no.6 for approval of the members as Ordinary Resolution.

**Item No.7**

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by post or by registered post or by speed post or by courier or by delivery at his office or residence address or by such electronic or other mode as may be prescribed.

Further, proviso to sub-section (2) of Section 20 states that a member may request for delivery of any document through a particular mode, for which he shall pay such fees as may be determined by the company in its Annual General Meeting.

Accordingly, the Board of Directors recommend that it

may charge from its members an amount up to Rs 100/- (Rupees One Hundred only) per each document, over and above the estimated actual expenses of delivery of the documents through a particular mode.

None of the Directors or Key Managerial Personnel including their relatives is concerned or interested, financial or otherwise, in this resolution.

The Board commends the Ordinary Resolution as set out at Item No. 7 of the accompanying Notice for approval of the Members.

**By order of the Board of  
The Hi-Tech Gears Ltd.**

**S.K. Khatri  
Company Secretary  
Membership No: - F5459**

Place: New Delhi  
Date: 04/08/2017

**Registered Office:**  
A-589, Industrial Complex,  
Bhiwadi, Dist. Alwar,  
Rajasthan-301019



## Annexure A

Particulars	Mr. Pranav Kapuria	Mr. R.C Jain
Directors Identification Number (DIN)	00006195	00038529
Date of Birth & Age	16/07/1975 42 years	22/12/1946 71 years
Date of Initial appointment	25/05/2000	10/08/2011
Date of current re-appointment	29/09/2017 (Being proposed)	29/09/2017 (Being proposed)
Experience & Expertise	<p>Mr. Pranav Kapuria is associated with the Company since 2000</p> <p>He is an expert in transforming traditional organization into a vibrant one through implementation of lean manufacturing program, which includes implementation of total quality Management, Total Productivity Management, Just-In-Time and Kaizen.</p> <p>He has rich experience of managing the business strategies &amp; handling the companies of the organization. He has keen interest in Human Resource &amp; Industrial Relation. He is also a certified black belt in six sigma manufacturing</p>	<p>Mr. Jain possesses a combination of the strategic thinking and perspective, along with sound operations experience.</p> <ul style="list-style-type: none"><li>• He was rated the best student of the session 1972-73 and was awarded 'Society of British Aerospace Company Award' at Cranfield University.</li><li>• He served as Vice Chairman and Managing Director of Eicher Group and has rich 42 years experience. He has worked for Eicher Group at various senior levels for 25 years.</li><li>• He was Chairman, Haryana State Council for one year; Chairman, Manufacturing Sub committee for four years; and Chairman HR Sub committee for year 2007-8 and 2008 -9. He has been invited by UNIDO and FAO on consultative Committees and also as a guest speaker to South Korea, Italy, etc.</li></ul>
Qualification	<ol style="list-style-type: none"><li>1. A Bachelor of Commerce with Honors from Delhi University.</li><li>2. He holds Masters Degree in Business Administration from Cardiff Business School, University of Cardiff, U.K. and Certificate program on Lean Manufacturing from University of Michigan, College of Engineering, USA.</li><li>3. He has undergone industrial training in reputed Engineering Corporation in USA</li></ol>	<ol style="list-style-type: none"><li>1. B.Tech (Honors) in Mechanical Engineering (1968) from IIT.</li><li>2. Masters in Industrial Management (1973) from Cranfield University, UK</li></ol>



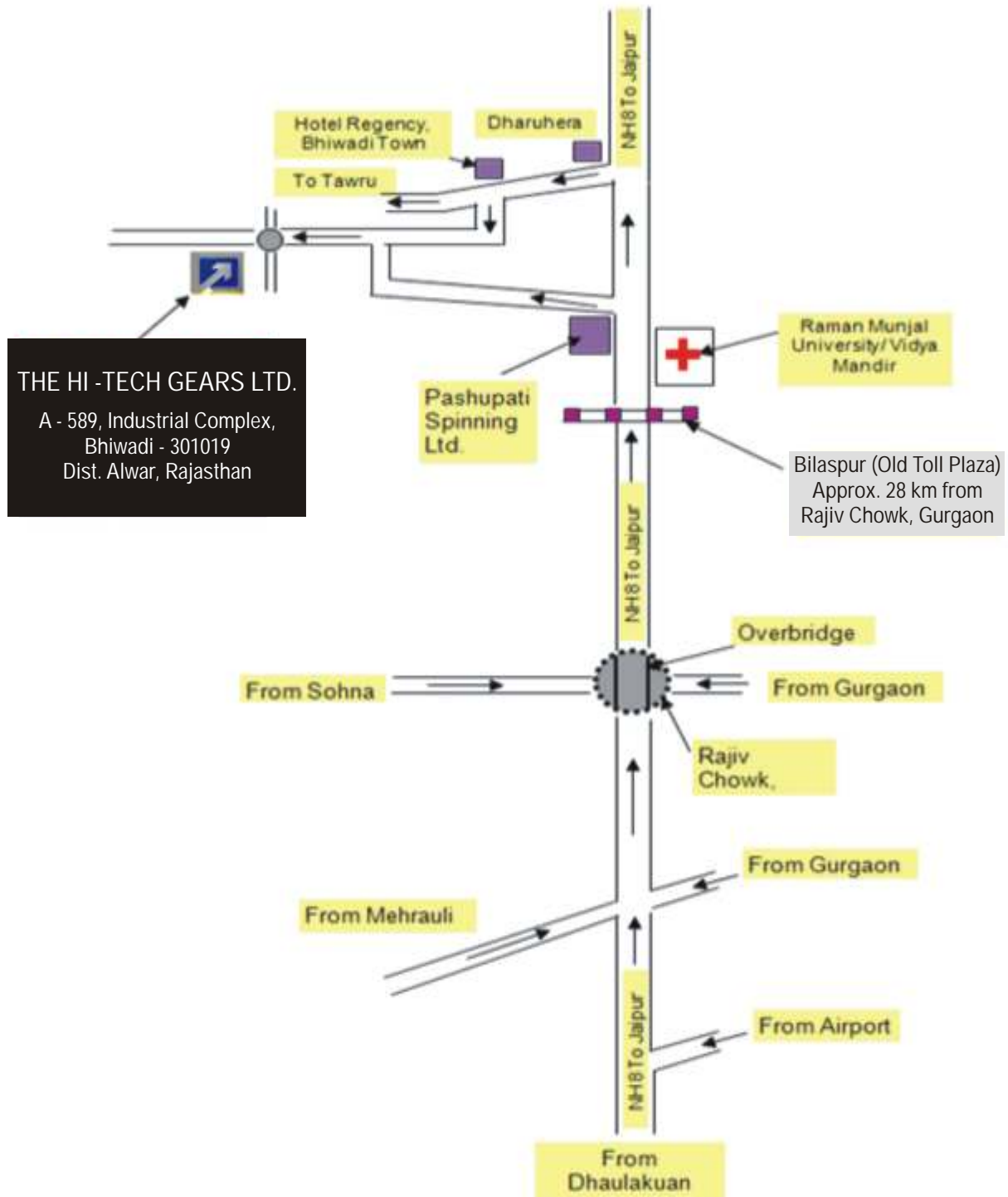
## Annexure A

Board Membership of other Companies as on 31/03/2017	<ol style="list-style-type: none"> <li>1. The Hi-Tech Gears Limited</li> <li>2. The Hi-Tech Robotic Systemz Limited</li> <li>3. The Hitech and Associates Limited</li> <li>4. Hi-Tech Portfolio Investments Limited</li> <li>5. Hitech Esoft Engineering Private Limited</li> <li>6. Manu Farms Private Limited</li> <li>7. Automotive Component Manufacturers association of India</li> <li>8. Cummins Sales &amp; Services Private Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. The Hi-Tech Robotic Systemz Limited</li> <li>2. Minda Sai Limited</li> <li>3. Frick India Limited</li> <li>4. The Hi-Tech Gears Limited</li> <li>5. Indoi Systems Private Limited</li> <li>6. ModernAutomotives Limited</li> <li>7. Titagarh Agrico Private Limited</li> </ol>
Chairman/Member of the Committee of the Board of Directors as on 31/03/2017	<p><b>The Hi-Tech Gears Limited</b>            CSR Committee (Member)            Share Transfer Committee (Member)            Finance Committee (Member)</p>	<p><b>Frick India Limited</b>            Audit Committee (Member)            Nomination and Remuneration Committee (Member)            Corporate Social Responsibility (Chairman)            Stakeholder Relationship Committee (Member)</p> <p><b>Minda Sai Limited</b>            Audit Committee (Member)            Corporate Social Responsibility (Member)</p> <p><b>Titagarh Agrico Private Limited</b>            Audit Committee (Member)</p> <p><b>The Hi-Tech Robotic Systemz Limited</b>            Corporate Social Responsibility Committee (Member)</p>
Number of shares held in the Company as on 31/03/2017	848102	-
Relationship with Directors	Mr. Deep Kapuria – Father Mr. Anuj Kapuria – Brother	None

1. Mr. R.C Jain was re-appointed as Non-Executive Director on 07th August 2014, which was confirmed at the 28th AGM held on 18.09.2014 . His appointment is liable to retire by rotation.
2. Mr. Pranav Kapuria was re-appointed as Managing Director on 11th August 2015, which was confirmed at the 29th AGM held on 29.09.2015. His appointment is liable to retire by rotation.
3. For the purpose of Board and Membership of Committees/ Chairman, Indian Companies are considered.



# Route Map





# 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.thehitechgears.com  
Tel.: +91(124)4715100 Fax: +91(124)2806085

## (Form MGT -11) 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 31st Annual General Meeting of the Company, to be held on Friday the 29th day of September, 2017 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 Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2017, 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. Pranav Kapuria (DIN 00006195) who retires by rotation and being eligible has offered himself for re-appointment			
4	To appoint a director in place of Mr. R.C Jain (DIN 00038529) who retires by rotation and being eligible has offered himself for re-appointment			
5	To appoint M/s O.P. Dadu & Co., Chartered Accountants, as Statutory Auditor of the Company			
6	Approval of remuneration of Cost Auditor for the financial year 2017-18			
7	Approval of fee for service of documents on members			

Signed this ..... day of ..... 2017.  
(date) (Month)

Signature of Shareholder(s)

Signatures of:

.....  
First Proxy Holder

.....  
Second Proxy Holder

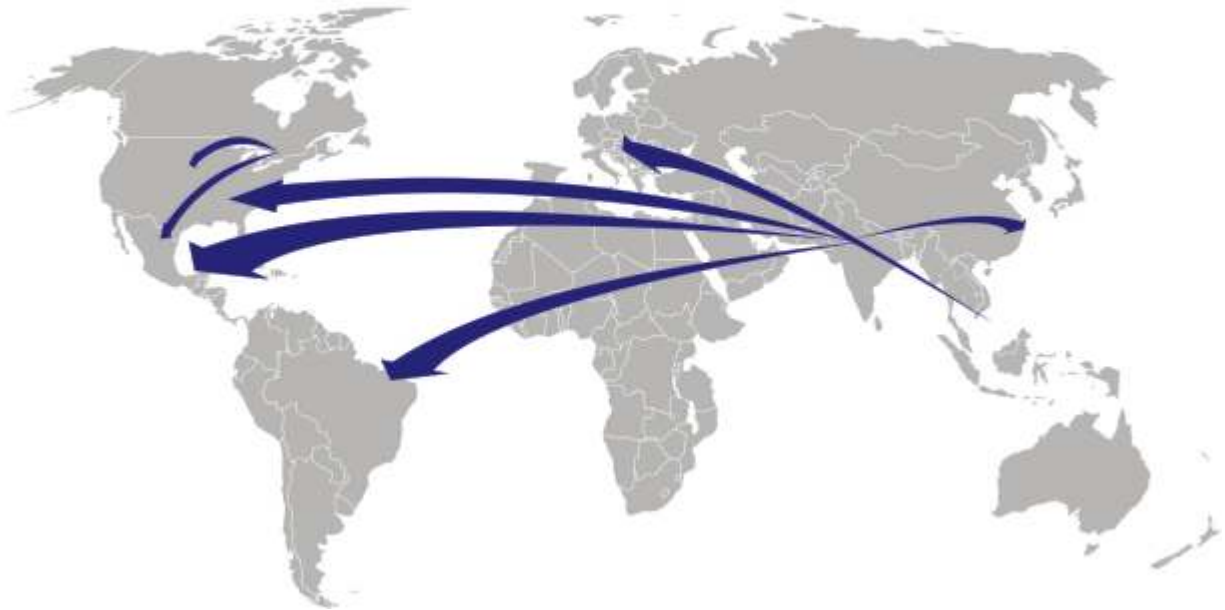
.....  
Third Proxy Holder

Affix  
Revenue  
Stamp

Notes:-

- \*1. Please put a 'v' 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.

## Global footprint







## THE HI-TECH GEARS LTD.

**CIN- L29130RJ1986PLC004536**

**Regd. Off.** : A-589, Industrial Complex, Bhiwadi - 301019 Distt. Alwar (Rajasthan)

**Corp. Off.** : Millennium Plaza, Tower-B, Sushant Lok-I, Sector-27

Gurgaon-122002, Haryana. **Tel.:** + 91(124) 4715100 **Fax:** + 91(124) 2806085

**Website** : [www.thehitechgears.com](http://www.thehitechgears.com) **E-mail:** [secretarial@hitechgears.com](mailto:secretarial@hitechgears.com)