



# 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

**Date: October 06, 2018**

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 2017-18**

Dear Sir/Madam,

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to our earlier communication dated September 17, 2018 in this regard please find enclosed copy of Annual Report for the financial year 2017-18 duly approved and adopted by the members at 32<sup>nd</sup> Annual General Meeting of the Company.

Kindly take the same in your record and oblige.

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

passion to succeed



passion | innovation | technology



THE HI-TECH GEARS LTD.

ENGINEERING

MANUFACTURING

ROBOTICS

ENGINEERING  
CONVERGENCE  
SOLUTIONS FOR  
A LEAN WORLD

32<sup>nd</sup> Annual  
Report

2017-2018



THGL next

0 inch

## 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 are mentioned in lakhs unless specifically mentioned. Similarly, 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.

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### **Corporate Office**

14th Floor, Tower – B,  
Unitech's Millennium Plaza,  
Sushant Lok – 1, Sector – 27,  
Gurgaon, Haryana – 122009  
Tel : (0124)4715100, Fax : (0124) 2806085,  
Email : secretarial@thehitechgears.com

### **Registered Office & Works**

A-589, Industrial Complex,  
Bhiwadi – 301019, Dist.  
Alwar, (Rajasthan),  
Tel: (01493) 265000/265199

### **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  
302, Third Floor, Gagandeep Building,  
Rajendra Place, New Delhi-110008

### **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

Mr. Anant Jaivant Talaulicar  
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 O.P. Dadu & Co.  
Chartered Accountants  
24/4834, Ansari Road, Darya Ganj,  
New Delhi – 110002.

### **Internal Auditors**

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



THE HI-TECH GEARS LTD.

# MILESTONES

1986 Down The Years 2018

- 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 New Manufacturing Facility set up at Manesar
- 2007 Hi-Tech eSoft (division of HGL) Certified for ISO 9001:2000
- 2008 ACMA Export Award 2006-07
- 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







## Chairman's Message



Dear Shareholders,

As I write my message to you this year, the economic environment seems to be changing almost on a daily basis and the emerging markets are affected most of the volatility. The FY 2018 was eventful and challenging in terms of both the global and domestic scenarios.

I have the pleasure to inform you that your Company has done exceedingly well in many spheres in the previous year, despite a very challenging environment. Firstly, it has both increased and diversified its production capacity through significant capital expenditure in both core and strategic areas to prepare for the future. Secondly, it has proved its excellence in cutting edge innovation and technology to cater to both its domestic and international clients. Thirdly, we successfully reached North America by crossing the geographic barriers through successful acquisition of some entities in Canada and the US.

### Global and Domestic Economic Affairs

The World Economy has experienced significant volatility in the past few years and the period under review continued to be very challenging due to numerous such macro-economic factors, some of which are briefly discussed below.

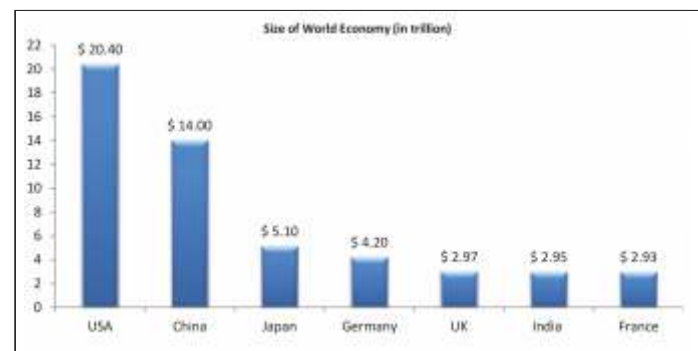
World economic growth strengthened in 2017 to 3.2%, with a notable rebound in global trade. It was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity export countries. The upsurge was more pronounced in emerging market and developing economies (with trade growth rising to 6.4% in 2017), reflecting improved investment growth rates in formerly stressed

commodity exporters as well as the recovery.

Global growth is expected to tick the same growth this year and next, supported by similar momentum, market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States.

According to data from the IMF, the United States has the largest economy in the world at \$20.4 trillion. China follows, with \$14 trillion and Japan is in third place with an economy of \$5.1 trillion.

Two European countries take up the next places on the list: Germany is fourth, with a \$4.2 trillion economy, the United Kingdom is fifth with \$2.94 trillion. It is heartening to note that India has recently surpassed France and has become the sixth largest economy with around a strength of \$2.90 trillion.



The US Economy constitutes & occupies the first slot in world business and dominates the growth of the world economy. I will give my take on the US Economy and other economies in the below paragraphs.

The US Economy has continued to grow steadily, perhaps not as fast as some would prefer but swiftly enough to continue to create jobs at a significant rate. Business investment is slowly picking up, and financial conditions appear good, with market volatility measures unusually low. It grew 2.4% in 2017, mostly because of the major tax reforms announced by the Trump Government. The Economy will enjoy a mild cyclical rebound in 2018, & then return to a marginally average growth but jobs are increasing at a moderately good pace, with unemployment below record at 4%. The strongest part of the US GDP reports has been consumer spending, up 3.8 % over the past 12 months, resulting in a minuscule drop in the savings rate. Consumer attitudes are stable at a good level, a bit above the long-run average.

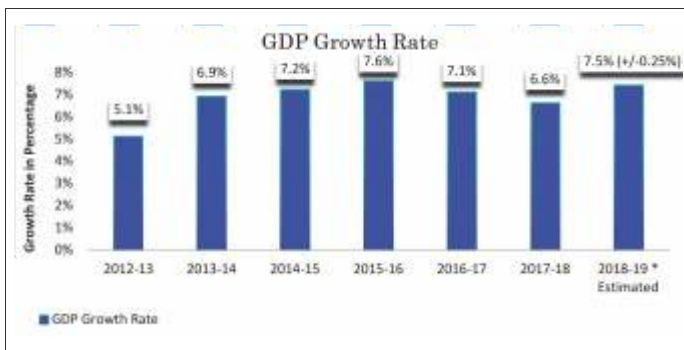
On the other side, the exceptional domestic momentum has so far been unmarred by signs of moderate growth in key trading partners. Although recent tariff measures will likely have minimal impact, the increasingly likely escalation of the dispute with China into a trade war is a major downside risk, which could weigh on business sentiment and investment. Faster monetary policy tightening, and high fiscal deficits may further dampen growth in the medium-term.

Emerging Asia, which is forecast to continue growing at about 6% in 2018, remains the most important engine of global growth. In China, growth is projected to soften



slightly from 6.8 % in 2017 to 6.6 % in 2018 and 6.4 % in 2019. Over the medium term, the economy is projected to continue rebalancing away from investment toward private consumption and from industry to services. Today the Chinese economy is the second largest in the world and it experienced massive growth in the last many years. To avoid overheating the economy, authorities are conducting a managed slowdown, which has seen growth gradually slow down year after year since 2014.

At the domestic front, growth in India is projected to increase from 6.6 % in FY 2018 to 7.4 % in FY 2019 and 7.8 % in FY 2020, lifted by strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the national goods and services tax. Over the medium term, growth is expected to gradually rise with continued implementation of structural reforms that raise productivity and incentivize private investment.



From 2003 to 2007, India experienced high growth rates of around 9% annually before moderating in 2008 as a result of the global financial crisis. In the following years, India began to see slow growth due to international slowdown, a plunging rupee, a persistently high current account balance and slow industry growth. However, the economy has since bounced back as the stock market has boomed and the current account deficit (CAD) has decreased.

With the same growth expected, India is projected to overtake the UK economy in 2019 to become the fifth largest economy in the world with a nominal GDP of around USD 3 trillion.

India's per capita income grew at a marginal pace of 8.6% to Rs 1,12,835 during the current fiscal compared to Rs 1,03,870 in FY 2017. Foreign exchange reserves also touched the highest ever level of about US \$ 426.08 billion and the total FDI Investments India received in FY 2017-18 was US \$ 61.96 billion compared to US \$ 60.1 billion in the previous year indicating a nominal increase of 3%. This also indicates that the government's effort to improve ease of doing business and relaxation in FDI norms is yielding results.

However, since the previous year, the price of Indian basket of crude surged from around US\$ 60 a barrel to US\$ 78. This, along with an increase in other global commodity prices and recent global financial market developments, has resulted in a firming up of input cost pressures. On the other hand, food inflation has remained muted over the past few months and the usual seasonal pickup delayed, softening the projections in the short run.

To add more woes, India's crude oil production has fallen continuously for at least six years in a row. The crude oil production, which was 38.1 million metric tons in FY 2012, slumped to 35.7 million metric tons provisionally in FY 2018, hence we have to spare more funds to buy oil from overseas. Besides adversely impacting the economic growth and inflation, persistent high oil prices remain a key risk to the CAD.

China and the US are spiraling into an ever-worsening conflict over trade, as each side threatens to slap retaliatory tariffs on hundreds of billions of dollars worth of goods. The US has announced tariffs on Chinese products from steel to electronics, and China has hit back with tariffs on American products from cars to seafood. President Trump argues that the tariffs are a necessary response to unfair Chinese trade practices, including the theft of intellectual property from American firms. China denies the accusations. A full-blown trade war would damage both economies and could spill over to other countries & regions, including India, South Korea, Japan and Europe.

The tariff war led by the US has also given rise to concerns of safe haven fears. This has led to outflow from emerging markets (Ems), including India. So far this year, around \$7 billion of funds have flowed out of India.

The rupee has hit historic lows against the dollar in recent weeks, leading to widespread expressions of concern about what that means for the Indian balance of payments and the economy more generally. In my view, some of these concerns are exaggerated, and there is no need to panic. India's external accounts look far more secure than it used to be. The current account deficit, too, remains manageable. While so far the merchandise trade deficit has been adequately financed in part by payments for service remittances as well as strong capital inflows. Further, it is worth noting, thus, that the Indian rupee's depreciation is not out of line with what can be observed to be happening with many emerging market currencies.

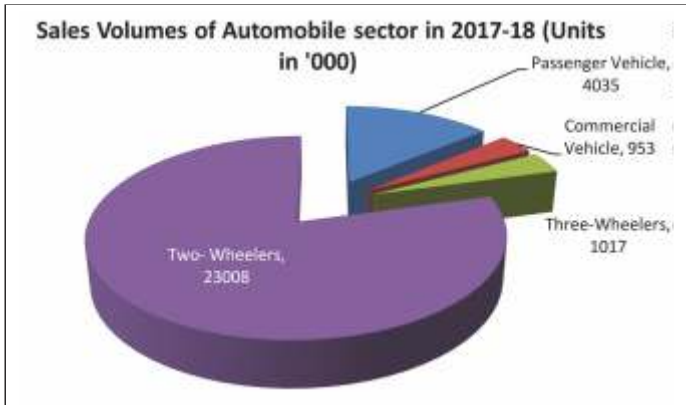
Yet the consequences of rupee depreciation need to be thought through carefully. This might hamper the growth recovery in short run and worry about the trade deficit and widening CAD.

#### Indian Automotive Sector and our Future Outlook

The Indian automobile industry is closely linked to the country's Gross Domestic Product (GDP) growth and accounts for 7.1% of the GDP. It also contributes to nearly 22% of the country's manufacturing GDP. The industry is one of the largest in the world with an annual sales of 29.01 million vehicles in FY18, registering a growth of 14.48% over the last year. The automobile sales in India have grown at a compounded annual growth rate of around 14.22%, average 25 million vehicles in a year, over the period of FY11-FY18 and has become the fourth largest in the world. India is currently the sixth largest market in the world for cars and is expected to become the world's third-biggest car market by the year 2020. Other facts about the Indian automobile market achievements are that this is the largest tractor manufacturer. It occupies the position of the 2nd largest two wheeler (2W) and bus manufacturer.



The automobile industry is supported by various factors such as availability of skilled labour at low cost, robust R&D centres and low cost steel production. The industry also provides great opportunities for investment and direct and indirect employment to skilled and unskilled labour. At the same time, in order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry has attracted Foreign Direct Investment (FDI) worth US\$ 209 billion in the last few years.



The Two Wheeler segment dominates the market in terms of volume owing to a growing middle class and a young population. Another important milestone is that the premium motorbike sales in India crossed one million units in FY18. Moreover, the growing interest of companies in exploring the rural markets further aided the growth of this sector.

India is also a prominent auto exporter and has strong export growth expectations for the near future. Overall automobile exports from India grew at 6.86 per cent CAGR between FY13-18. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the two wheeler and four wheeler segment in the world by 2020.

The auto industry is set to witness major changes in the form of electric vehicles (EVs), shared mobility, Bharat Stage-VI emission and safety norms.

Just few days ago, a news item appeared in a leading newspaper, which demonstrated that not only the Automobile manufacturers, but the component suppliers are also flourishing because of the booming automobile growth. Traditionally, promoters of original equipment manufacturing companies (vehicle makers) have figured in the list of automobile billionaires. However, growth of this industry is now bringing newer faces from the auto component sector. Based on the value of shareholding of promoters in these companies they are now worth over \$1 billion.

A lower base in the previous year's quarter and likely good results select companies in sectors such as automobiles, capital goods, FMCG, IT and metals should help the Nifty 50 companies to report a double-digit growth in aggregate sales and profits in 2018-19.

### Company Performance and Strategy

After the successful acquisition of some entities in Canada and the US, 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 a global environment will lead to strong growth opportunities. In the years to come your Company plans to further expand its Global presence in new areas, always keeping the customer requirement at the centre of its growth plans.

All possible steps are also being taken within the organization to maintain and further improve operating standards and achieve excellence at every step. As part of our strategy, the company continues to give special attention to maintain a strong Balance Sheet and healthy financial ratios, as you will see in the attached audited statements.

Your Company has made its mark as a leader of sustainable manufacturing. Our state-of-the-art Plants are operating to their capacity now while minimizing wastes and pollutants. This phenomenon has attracted several recognitions from the top assessing agencies, which are enumerated elsewhere in this Annual Report. Therefore, your Company is today a respected name in the industry for its competitive and cutting-edge products, which is a result of its farsighted vision and policies.

To summarise the financial results for the year FY 2018, I must mention that there was significant growth in all the key areas; resulting the robust growth was demonstrated. The total turnover of the Company grew by 17.62 % and touched Rs. 55157.06 lakhs. As a result of this and our enhanced operating efficiencies, the profit before tax grew even higher to Rs 4838.74 lakhs and the profit after tax stood at Rs. 3191.24 lakhs. While consolidating the financials of the Company with the subsidiary Companies in the US and Canada, the consolidated total turnover stood at Rs. 77949.10 lakhs .The Company has shared the gains among the shareholders by declaring an interim dividend of 15%. Your Board of Directors have further reviewed the cash position of the Company and have recommended a final dividend of 20% for your approval, thus taking the total to 35% of share capital with a payout of Rs. 656.88 lakhs.

The vedic philosophy of "Sarva loka Hitam" i.e. "the well being of all", has regained importance in the current business environment. CSR is one of the noble practice of doing "Hitam". We have been taking up deep impacting initiatives in line with, what is required to be done as a responsible citizen of the Society. To exhibit the commitment your Company has contributed Rs. 62.25 lakhs in the betterment of the society during the FY 2018 which is in line with the CSR Regulations. Similarly, to show our commitment towards a Clean Environment and green manufacturing, our ECOFAC Plants have been awarded the Platinum level of certification by the Green Building Council.

Before concluding, I would like to place on record my sincere gratitude to the entire Hi-Tech family for their dedicated and relentless hard work in the year that has gone by to enable the Company to achieve the success that it has despite all odds. My sincere thanks to all our customers, our supply chain partners, our bankers, and my Board colleagues for their wise guidance from time to time. I am confident that this journey will continue to be equally exciting and rewarding as we move ahead.

**Deep Kapuria**  
Chairman





## Managing Director's Message



Dear Shareholders,

It gives me immense pleasure to reach and update you through this 32nd Annual Report. The FY 2018 was challenging for the entire economy. The year saw unprecedented currency volatility and increasing fuel prices leading to increasing pressure on margins. Still, the performance of the Indian Economy has proved to be satisfactory in many spheres with an improvement in the macroeconomic parameters. This was made possible despite many concerns being raised about the global economic environment. Your Company has also grown in line with the automotive industry's growth. To understand this impact better, it will be essential to first get a proper understanding of the macro-economic scenario.

### Macro-Economic Updates

Despite recent softening, global economic growth is satisfactory at 3.2 % in 2017 before slowing gradually over the next two years, as advanced-economy growth slightly decelerates and the recovery in major commodity-exporting emerging market and developing economies levels off. Activity in advanced economies is expected to grow 2.2 % in 2017.

This outlook is subject to considerable downside risks. The possibility of disorderly financial market volatility has increased, and the vulnerability of some emerging market and developing economies to such disruption has risen. Trade protectionist sentiment has also mounted, while policy uncertainty and geopolitical risks remain elevated. Increasing petroleum products and heightened geopolitical tensions continue to cloud the outlook.

A cyclical recovery is underway in most EMDE regions that host a substantial number of commodity exporters. Over the

next two years, the upturn in these regions is expected to mature, as commodity prices plateau. Robust economic activity in EMDE regions with large numbers of commodity importers is forecast to continue. However, risks to the growth outlook continue to tilt to the downside in many regions.

India has emerged as the fastest growing major economy in the world. Another feather to add to its glory that it has recently surpassed France to become the sixth largest economy. As per the CSO and IMF it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP has grown by 6.6 % in FY 2018 and is expected to grow 7.4 % in FY 2019.

With the improvement in the economic scenario, there have been various investments in different sectors of the economy. The M&A activity in India increased 53.3 % to US\$ 77.6 billion in 2017 while private equity (PE) deals reached US\$ 24.4 billion. Some of the important recent developments in the Indian economy are as follows:

- India's total merchandise and services exports and imports grew 17.63 % and 19.74 % on a year-on-year basis to US\$ 478.15 billion and US\$ 565.32 billion, respectively, during FY 2017-18.
- India's FDI inflows reached US\$ 208.99 billion in the last four years.
- India's ranking in the world has improved to 126 in terms of its per capita GDP, based on purchasing power parity (PPP) as it increased to US\$ 7,170 in 2017, as per the IMF.
- In Ease of doing business, India stood at rank 100.
- The tax collection figures between 2017- 18 show an increase in net direct taxes by 19.5 % year-on-year.
- India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in the last few years.
- India's labour force is expected to touch 160-170 million by 2020, based on the rate of population growth, increased labour force participation, and higher education enrolment, among other factors.
- Corporate earnings in India have grown in double digit and are expected to grow by 15-20 % in FY 2018-19.
- India's unemployment rate is expected to be 3.5 % in 2018, according to the ILO.

The Union Budget for FY 2018-19 is now focusing on uplifting the rural economy and strengthening of the agriculture sector, healthcare for the economically less privileged, infrastructure creation and improvement in the quality of education of the country. As per the budget, the government is committed towards doubling the farmers' income by 2022.

It is important to mention that the price of crude oil is hovering around US\$ 78. This, along with an increase in other global commodity prices and recent global financial



market developments, has resulted in a firming up of input cost pressures. As oil consumes a big chunk of foreign exchange, the net impact of such rise was immediately on foreign exchange reserves which decreased to \$ 405.14 billion in July 2018. From a comfortable reserve of \$422.53 billion in March, 2018. Further, India's annual inflation rate rose to 4.10 % in July of 2018, slightly above market expectations, amid rising prices for food and fuel.

India is caught in a double whammy. It is not only effected by the rising crude oil prices, but also is subjected to depreciation of its currency, due to inflatory pressures and trade war between the US & China.

The Indian rupee was one of the best performing emerging market currencies. It appreciated to 64.38/USD in 2018. However, with the crude price strengthening and capital flows dwindling, the Indian rupee is a negative-performing emerging market currencies in 2018 and is now quoting around 70/USD.

On the monetary side, the RBI raised its benchmark policy repo rate by 50 bps to 6.50 % in two of its recent reviews. It is the first hike in borrowing costs since January of 2014, mentioning upside risks to inflation that include higher oil prices and uncertainty in global financial markets. Policymakers said the decision is consistent with a neutral monetary policy stance and is in line with achieving the inflation target of 4 % (+/- 2 %) while supporting growth.

On the other side exports increased but, trade deficit was estimated to have widened to \$157 billion, majorly because of the import of oil at high rates.

Another reason to worry is the financial situation of the banking system. Under the current macro economic environment, the gross non-performing asset (GNPA) ratio of scheduled commercial banks is 11.6 % in March 2018. This may further rise to 12.2 % of the advances by March 2019. The March 2019 level would be the highest since 2000.

Due to the aforesaid reasons, the Government had to spend more than budgeted amount, hence the fiscal deficit target for 2018 was revised to 3.5% of the GDP against 3.2%.

On the tax collection side, a year after its roll out, the Goods and Service Tax (GST) is now doing satisfactorily. It is undeniable that the GST has been the most complex reform to achieve for many reasons. One, it merged 17 taxes and 23 cesses in 35 states and UTs, requiring a complete reset of one of the world's largest economic systems. The GST council deserves full credit for achieving, albeit practically, this seemingly impossible task. Two, a key concern for the states was the possible loss of revenue but the monthly GST collections are now increasing. This will stabilise the GST regime as both the Centre and states will meet their revenue targets. Three, another big improvement due to the GST has been the expansion of the tax net. According to the Government, 4.5 million new entities have come under the tax net, which is a creditable achievement for any system in its first year.

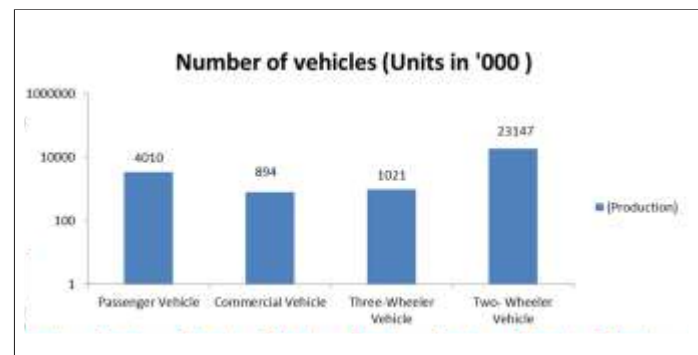
On the other side, as per the recent news report, manufacturing conditions improved in June owing to the

sharpest gains in output and buoyancy in new orders. It touched a six month high in June 2018, which indicates that despite the concern areas the economy is on the right track.

### The Automotive Sector

The Indian auto industry is one of the largest in the world. It is poised to become the fourth largest manufacturer of automobiles globally by 2020 after China, the US and Japan. Not to mention, India is currently the world's second largest two-wheeler manufacturer.

The automotive manufacturing industry which comprises of commercial vehicles, passenger cars, three & two-wheelers produced a total 29,075,605 vehicles, in April-March 2018, against 25,330,967 vehicles in April-March 2017, registering a growth of 14.78 % over the same period last year, according to a data released by SIAM.



Passenger Carrier sales registered a growth of 33.23 % and Goods Carrier sales grew by 8.78 % in April-March 2018 over April-March 2017. Two Wheeler sales registered a growth of 15.44 % in April-March 2018 over the same period last year. In April-March 2018, overall automobile exports increased by 16.12 %.

Two-wheelers are by far the most popular form of vehicle in India, taking an 80 % share in total chunk and recorded 23.07 million two-wheelers in FY 2017-18 (including exports).

As per the recent sales report of the first 4 months of the current FY, it is observed that the motorcycles are back in action, taking away some of the limelight that scooters had been hogging for several years. Further, automobile majors are expected to report a strong double-digit profit growth for the first quarter ended June on the back of strong volume growth as well as improved margins, despite the fact that the first quarter is usually a slow quarter for the auto industry and demand picks up from the second quarter onwards when dispatches are stronger due to festive season demand. A normal monsoon and announcement of a higher farm support price also augurs well for automobile sales, especially two-wheelers and tractors.

On the Auto-component side, the production in FY 2018-19 is expected to increase 12-14 %, on the back of robust growth in domestic and export markets & favorable government policies such as Auto Policy 2002, Automotive Mission Plan 2016-2026, National Automotive Testing and R&D Infrastructure Projects (NATRIPS), have helped the Indian auto component industry achieve considerable growth.



India is emerging as a global hub for auto component sourcing. A cost-effective manufacturing base keeps costs lower by 10-25 % relative to operations in Europe and Latin America. Relative to competitors, India is geographically closer to key automotive markets like the Middle East and Europe. Global auto component players are increasingly adopting a dual-shore manufacturing model, using overseas facilities to manufacture few types of components and Indian facilities to manufacture the others.

### Performance of the Company

Your Company is one of the few industrial enterprises which has become a world-class Indian brand with a green and sustainable strategy of growth, despite an increasing volatile economic and business environment. Besides being cost competitive, delivering to strict schedules and adhering to high quality standards are the main keys of success for auto component manufacturers, especially to enter into and grow export markets. Your Company possesses all the above skills and is appreciated by customers all over the world. Keeping this in mind, your Company is today exploring new avenues of further inorganic growth by way of mergers and also tapping new geographies, such as Canada and the US, due to the high potential available in such markets.

During FY 2017-18 we made continued progress across several areas. Your Company met all expectations and did well on all fronts, including exports. The total turnover stood at Rs. 55157.06 lakhs compared to Rs. 49783.83 lakhs during the previous year. The Company recorded an export turnover of Rs. 13043.82 lakhs compared to Rs. 10517.53 lakhs during the previous year.

The Profit Before Tax stood at Rs 4838.74 lakhs as compared to Rs 3257.94 lakhs in the previous year. The Net Profit After Tax was Rs. 3191.24 lakhs as compared to Rs 2087.57 lakhs in previous year. Earnings Per Share (EPS) of the Company stood at Rs 17.00 per share.

Post consolidation with wholly owned subsidiaries, the turnover stood at Rs. 77949.10 lakhs compared to Rs. 52141.18 lakhs during the previous year. 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, a final dividend of Rs. 2.00 per equity share is recommended by the Board of Directors, in addition to the interim dividend of Rs. 1.50 per equity shares for the year 2017-18.

The Board is competent with both executive and non executive directors possessing a wide range of expertise. The Board has continued its role to monitor the performance of the company, including its operational & financial performance, and progress in delivering new growth. In terms of strategy, your Company is following a consistent and long term strategy, to grow cash flow across the cycle and deliver competitive returns through focus on quality and timely delivery by adopting the right mix of both organic and inorganic growth strategies.

Turning to safety, our goal is to have zero fatalities and no leaks or other incidents that harm our employees, contractors or neighbors. We manage safety through rigorous processes and by embedding a safety culture in the daily activities of our workforce, as no company can afford to be complacent in this area. Our Manesar facility is also now an ECOFAC Plant and has been awarded the Platinum Status by the Green Building Council.

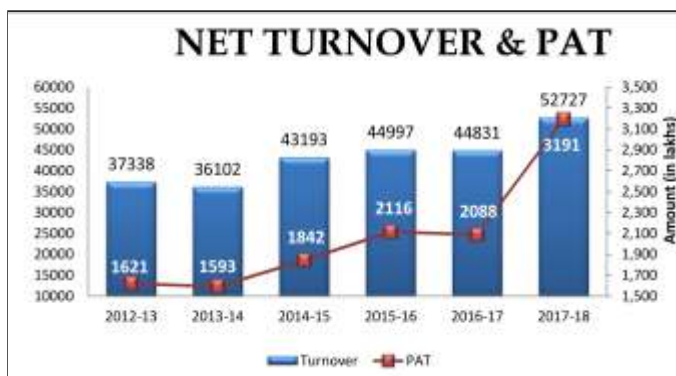
The future of the Company is full of opportunities and promising despite headwinds being faced by almost all industries today. I am happy to share that we will have our South India footprint by having a state of the art manufacturing facility in Tamil Nadu, in the coming period.

In respect of internal controls, your Company has been working with M/s. Grant Thornton India, LLP, 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 was implemented last year, which is working satisfactorily and generating better and prompt 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.

In conclusion, I must mention that the Hi-Tech family shares the credit for this success story with all its stakeholders, i.e. our valued customers, our supply chain partners, our employees, our bankers and the various Government authorities who have supported us at every step. Our commitment to you, our valued shareholders, is to maintain our long term strategic growth path I would like to take this opportunity again, on behalf of the Board of the Company and its employees, to express my gratitude to you, for your continued support and encouragement year after year.

**Pranav Kapuria**  
Managing Director







# DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the 32nd Annual Report of your Company, together with the audited financial statement of accounts of the company for the financial year ended 31st March, 2018. Further, the consolidated performance of the company and its subsidiaries has been referred to wherever required.

## Financial Results

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

(Rs. in lakhs)

Particulars	Standalone		Consolidated	
	2017-2018	2016-2017	2017-2018	2016-2017
Revenue from Operation	53,838.17	49,192.72	75,968.11	51,489.58
Other Income	1,318.89	591.11	1,980.99	651.6
<b>Total Income</b>	<b>55,157.06</b>	<b>49,783.83</b>	<b>77,949.10</b>	<b>52,141.18</b>
Profit before Depreciation, Interest & Taxes (PBDIT)	8,374.24	6,059.66	11,445.51	6,280.94
Depreciation	2,629.78	2,507.62	3,942.5	2,615.04
Profit before Interest & Taxes (PBIT)	5,744.46	3,552.04	7,503.01	3,665.90
Financial Charges	905.72	294.10	2,351.19	408.09
Profit before Taxes (PBT)	4,838.74	3,257.94	5,151.82	3,257.81
Provision for Taxes	1,647.5	1,170.38	1,727.48	1,243.88
<b>Profit after tax (PAT)</b>	<b>3,191.24</b>	<b>2,087.57</b>	<b>3,424.34</b>	<b>2,013.93</b>
Balance of profit brought forward	19,567.32	18,063.42	18,270.56	18,063.42
Balance available for appropriation	22,788.03	20,189.59	22,828.15	18,892.83
Dividend	516.12	516.12	516.12	516.12
Tax on dividend	105.08	106.15	105.08	106.15
Balance Surplus in P & L Account	22,166.83	19,567.32	22,206.95	18,270.56
Paid-up Equity Share Capital	1,876.80	1,876.80	1,876.80	1,876.80
Earnings Per Share (EPS)	17.00	11.12	18.25	10.73

## General Information

India has emerged as the fastest growing major economy in the world in last few years. Financial Year 2018 marked with both excitement and challenges for the Indian economy. Though there were some adverse conditions but India's economy started to recover after a slowdown caused by demonetization, followed by Government's courageous decision to implement GST effective July last year. Indeed, growth has been accelerating, covering roller coaster of 5% to above 7%, within the same financial year and closed at 6.6%. Growth in India is projected to increase to 7.4% in FY 2019 and 7.8% in FY 2020, lifted by strong private consumption and business friendly government policies.

One of the major job creators, 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 the domestic sales of Passenger Vehicles and Commercial Vehicles grew by 7.89% and 19.94% respectively, during April- March 2018. Two Wheeler remained the spot light with 14.80% growth in domestic sales. Within the Two Wheeler segment, the sales of Scooters/ Scooterette and Motorcycles grew by 19.90% and 13.69% respectively while sales of Mopeds declined by (-) 3.48 in FY 2017-18 over FY 2016-17.

The Indian automobile industry is closely linked to the country's Gross Domestic Product (GDP) growth. The overall automobile exports increased by 16.12%. While Three Wheelers and Two Wheelers registered a growth of 40.13% and 20.29% respectively, exports of Passenger Vehicle and Commercial Vehicles declined by (-) 1.51% and (-) 10.53% respectively in

April-March 2018 over April-March 2017. The Indian auto components industry is going through a transformational period with the concept of mobility changing continuously. The prospects of the Industry is to benefit over next years are good. As you may aware that the Indian auto industry is poised to become the fourth largest manufacturer of automobiles globally by 2020 after China, the US and Japan. Not to mention, India is currently the world's second largest two-wheeler manufacturer.

## State of Company Affairs

Your Company is one of the few industrial enterprises which have become a world-class Indian brand with a green and sustainable strategy of growth, despite an increasing volatile economic and business environment. Besides being cost competitive, delivering to strict schedules and adhering to high quality standards are the main keys of success for auto component manufacturers, especially to enter into and grow export markets. Your company possesses all the above skills and is appreciated by customers all over the world. Keeping this in mind, your company is today tapping new geographies due to the high potential available in the export markets.

Detailed information on the operations and on the state of affairs of the Company are majorly covered in the Management Discussion & Analysis Report, forming part of this report. The performance of the Company was in line with the growth of Auto Industries. During the FY 2017-18, the total revenue stood at Rs. 55,157.06 lakhs as compared to Rs. 49,783.83 lakhs in the last FY 2016-17, registering a growth of 10.79%. The profit before tax stood at Rs 4,838.74 lakhs as compared to Rs 3,257.94 lakhs



in previous year. Similarly, the Net profit after tax of the Company is Rs. 3,191.24 lakhs as compared to Rs 2,087.57 lakhs in previous year, registering robust growth of 52.87%.

On a consolidated basis, the total revenue was Rs. 77,949.10 lakhs as compared to Rs. 52,141.18 lakhs in the previous FY. Similarly, the Net profit after tax was Rs. 3,424.34 lakhs as compared to Rs. 2,013.93 lakhs in previous FY.

At the export front, the Company also did well and recorded an export turnover of Rs. 10,343.82 Lakhs as compared to Rs. 10,517.53 Lakhs in the previous year, hereby recorded an increase by 24.02% as compared to the percentage during the same period in the previous year. The total export turnover now 23.64% of the total turnover of the Company.

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.

### **Consolidated Financial Statements**

In accordance with the provisions of the Companies Act, 2013 ('the Act') and IndAS-110 on Consolidated Financial Statements, read with IndAS-28 on Investments in Subsidiaries outside India, the Audited Consolidated Financial Statements for the FY ended March 31, 2018 are provided in this Annual Report.

### **Share Capital**

The paid up Equity Share Capital as on 31st March, 2018 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 and based on the performance of the company, an interim dividend of 15% i.e. Rs. 1.50 per equity share amounting to Rs. 281.52 Lakhs was declared and paid, the same is being confirmed at the forthcoming AGM. Further, the Directors have now recommended to the shareholders a final dividend for the FY 2017-18 of 20% i.e. Rs. 2.00 per equity share, resulting in another payout of Rs. 375.36 Lakhs. The total dividend payout stands at Rs. 656.88 Lakhs (Previous year Rs. 469.20 Lakhs) & tax on dividend comes to Rs 134.99 Lakhs (Previous year Rs. 95.52 Lakhs).

If the final dividend on the shares as, recommended by the Board of Directors, is approved by the shareholders in their forthcoming 32nd Annual General Meeting of the company, 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 2017-18.

### **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, 2018 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 Standard (IndAS) with effect from April 01, 2017 and accordingly standalone un-audited quarterly financial results for the quarters during the financial year have been prepared in accordance with the recognition and measurements laid down in IndAS and prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

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

During the financial year 2017-18, the Company incorporated a Wholly Owned Subsidiary Company in US in the name of "Neo-Tech Auto Systemz Inc." and subscribed 10,00,000 common shares of CAD \$ 0.01 each.

As on March 31, 2018, the Company has Eight (08) Wholly Owned Subsidiaries (including step-down subsidiaries) in Canada and US viz. 2545887 Ontario Inc. ("254"), 2504584 Ontario Inc. ("250"), 2323532 Ontario Inc. ("232"), Teutech Industries Inc., Teutech Holding Co., Teutech Leasing Co., Teutech LLC and Neo-Tech Auto Systemz Inc. (Seven (07) subsidiaries as on March 31, 2017). There has been no material change in the business of the subsidiaries. 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, from time to time wherein, "254" and "Teutech" are considered to be 'Material Subsidiary' companies, pursuant to provisions of



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 financial and vital details related to subsidiaries are provided in MGT-9 (Extract of Annual Return) & AOC-1 (Statement containing salient features of the financial statement of subsidiaries) attached to this Report, pursuant to section 129(3) and section 136 of the Companies Act, 2013 and rules made thereunder.

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, Key Managerial Personnel's 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. Pursuant to the provision of Section 152(6) of the Companies Act, 2013 Mr. Bidadi Anjani Kumar (DIN: 00022417), Non Executive 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**

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.).

##### **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) of section 149 of Companies Act, 2013 and Listing Regulations.

##### **d. Meetings of the Board**

The Board met 5 (five) times during the period 2017-18 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 suggested by the NRC 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 O P Dadu & Co., Chartered Accountants, (Firm Registration No. 001201N) the Statutory Auditors of the Company, which was appointed in the 31st Annual General Meeting for the period of five years till the conclusion of 36th Annual General Meeting of the Company 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 Companies Act, 2013 and Rules made thereunder.

Pursuant to the provisions of Companies (Amendment) Act, 2017 read with MCA notification dated 07th May, 2018, which provides that the requirement of the ratification of a Statutory Auditor at every annual general meeting of the company has been omitted. Therefore, no resolution shall be taken into for the ratification of a statutory Auditor at the forthcoming 32nd Annual General Meeting of the Company.

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 "A" to Auditors' Report relating to non deposit of disputed taxes. The Board wishes to inform that those matters are related to regular income tax matters for which the Company has preferred appeal to Appellate Authorities. The necessary explanations are also provided in Note 39A(2) to the Standalone Financial Statements. The rest of report by the Statutory Auditors is self explanatory. Please refer to the Notes to Accounts, wherever necessary.

##### **b) Cost Auditors**

The provisions relating to section 148(1) read with rules are applicable, accordingly cost accounts and records are made and maintained.

Further, 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 2018-2019. 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 32nd Annual General Meeting.

### c) **Secretarial Auditor**

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards.

As per 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 format. 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 section 124, 125 and applicable provisions of the Companies Act, 2013 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 from the date of declaration of dividend.

Similarly, the MCA has notified Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 effective from 7th September 2016 which provide that, the shares in respect of which dividend has not been claimed or unpaid by the shareholders for seven consecutive years or more shall also be transferred to the demat account(s) to be prescribed by the IEPF Authority.

The details of such dividend and shares transferred pursuant to the aforesaid provisions are provided in General Shareholder information section at point No. 10 of Section XII of Corporate Governance Report and Note No. 8 of the Notice of ensuring 32nd Annual General Meeting.

In terms of the said Rules and the amendment thereof vide notification dated 28th February, 2017 and 13th October, 2017, the necessary communications have been made to the respective shareholders whose shares were 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 or 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 any amendment thereof.

Accordingly, during the financial year 2017-18, the Company has transferred 10,420 and 821 equity shares to the IEPF Authority, in two tranches in respect of which the amount of dividend has not been claimed or unpaid for the consecutive seven years to the concerned shareholders from the date of declaration respectively. A list of such cases is available at the company website.

### **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. 37 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 [www.thehitechgears.com](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 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 2017-18, 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, 2018 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 2017-18 and 2018-19 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**

99.45% 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.

#### **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**.

#### **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 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**

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Accordingly, the company has set up Committee for implementation of said policy.

Further, 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.

#### **Business Responsibility Reporting**

As per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of Business Responsibility Reporting is not applicable to the Company.

#### **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.

#### **Acknowledgment**

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 03, 2018**

**Deep Kapuria  
Chairman**



# ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE - I

Form No. MR-3  
**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

**[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** (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, 2018**, 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, 2018** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of foreign Direct Investment, Overseas Direct Investment, External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') 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 Other Applicable Tax Laws;
- (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 :

## Annexure A

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

- (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 notice, details of which are provided below:

The Registrar of Companies, Jaipur in its letter number ROC/CSR/135-134(3)(o)/2015-16/942 & others dated 8th February, 2018 have sought for the information pursuant to Section 135(1) read with Section 134(3)(o) of the Companies Act, 2013. The same was duly replied by the Company in its letter dated 13th February, 2018 stating the specific information in requisite format as required by the Registrar of Companies, Jaipur.

### **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)**

**Place :** New Delhi  
**Date :** 18-05-2018

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

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.

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

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

**For Grover Ahuja & Associates  
Company Secretaries**

**Akarshika Goel  
(Partner)  
ACS No.: 29525  
C.P No.: 12770**

**Place :** New Delhi  
**Date :** 18-05-2018

**FORM NO. MGT 9****Extract of Annual Return****as on financial year ended on 31.03.2018**

[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
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.	<b>MAS Services Limited</b> (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. 361 Speedvale Ave. West Guelph, Ontario N1H1C7, Canada	Ontario: 2545887	Subsidiary	100	Section 2(87)
2.	Teutech Industries Inc. 361, Speedvale Avenue West, Ontario, N1H1C7 Canada	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, Canada	Ontario: 2504584	Step down Subsidiary	100	Section 2(87)
7.	2323532 Ontario Inc. 361, Speedvale Avenue West, Ontario N1H1C7, Canada	Ontario: 2323532	Step down Subsidiary	100	Section 2(87)
8.	Neo-Tech Auto Systemz Inc 3411 Silverside Road, Rodney Building, Suite 104 Wilmington, De 19810 US	36-4801889 (EIN)	Subsidiary	100	Section 2(87)



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

S. No.	Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
(1)	<b>Indian</b>									
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	-	-	-	-	-	-	-	-	-
	<b>Total shareholding of Promoter (A)</b>	<b>10370621</b>	<b>8000</b>	<b>10378621</b>	<b>55.30</b>	<b>10370621</b>	<b>8000</b>	<b>10378621</b>	<b>55.30</b>	<b>0</b>
<b>B.</b>	<b>Public Shareholding</b>									
1.	<b>Institutions</b>	-	-	-	-	-	-	-	-	-
a)	Mutual Funds	-	800	800	0.00	-	-	-	-	0
b)	Banks / FI	25406	900	26306	0.14	43748	900	44648	0.24	0.10
c)	Central Govt	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIs	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
l	Others (specify)	-	-	-	-	739	-	739	-	-
	<b>Sub-total (B)(1):-</b>	<b>25406</b>	<b>1700</b>	<b>27106</b>	<b>0.14</b>	<b>44487</b>	<b>900</b>	<b>45387</b>	<b>0.24</b>	<b>0.10</b>
2.	<b>Non-Institutions</b>									
a)	<b>Bodies Corp.</b>									
i	Indian	1483865	10672	1494537	7.96	1706252	9072	1715324	9.14	1.18
ii)	Overseas	0	0	0	0	0	0	0	0	0
b)	<b>Individuals</b>									
i	Individual shareholders holding nominal share capital upto Rs. 2 lakh	2490084	104521	2594605	13.82	2432713	85457	2518170	13.42	(0.40)
ii)	Individual shareholders holding nominal share capital in excess of Rs 2 lakh	3967077	0	3967077	21.14	3818594	-	3818594	20.35	(0.79)
c)	<b>Others (NBFCs registered with RBI)</b>									
	Non Resident Indians including on Repeatriable Basis/Non Repeatriable Basis	228414	0	228414	1.22	229815	-	229815	1.22	0.00
	Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
	Foreign Nationals	-	-	-	-	-	-	-	-	-
	Any Other/ Clearing Members	77397	0	77397	0.41	60504	-	60504	0.32	(0.09)
	Trusts	-	-	-	-	-	-	-	-	-
	Foreign Bodies - D R	-	-	-	-	-	-	-	-	-



	Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	<b>Sub-total (B)(2):-</b>	<b>8247080</b>	<b>115193</b>	<b>8362273</b>	<b>44.56</b>	<b>8249463</b>	<b>94529</b>	<b>8343992</b>	<b>44.46</b>	<b>(0.10)</b>
	Total Public Shareholding (B)=(B)(1)+(B)(2)	8272486	116893	8389379	44.70	8293950	95429	8389379	44.70	0.00
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>18638567</b>	<b>129433</b>	<b>18768000</b>	<b>100.00</b>	<b>18643107</b>	<b>124893</b>	<b>18768000</b>	<b>100.00</b>	<b>0.00</b>

### B) Shareholding of Promoters

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
	<b>Total</b>	<b>10378621</b>	<b>55.30</b>	<b>-</b>	<b>10378621</b>	<b>55.30</b>	<b>-</b>	<b>0.00</b>

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

No change took place in Promoters' Shareholding during the year i.e. from 01st April, 2017 to 31st March, 2018.

**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, 2017)		Top Ten Shareholders	Shareholding at the End of the year (March 31, 2018)	
	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
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	23990	1.19
Shamyak Investment Pvt. Ltd.	179600	0.95	Shamyak Investment Pvt. Ltd.	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	Prescient Securities Private Limited	142292	0.76
Zafar Ahmadullah	133000	0.70	Anvil Share and Stock Broking Pvt. Ltd	348380	1.85

Note: 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 (01-04-17 to 31-03-2018)	% of total Shares of the Company
		No. of Shares at the beginning (01-04-17)/ end of the year (31-03-18)	% of total shares of the Company				No. of Shares	
<b>A DIRECTORS</b>								
1	Mr. Deep Kapuria	3117461	16.61	1-Apr-17	-	-	3117461	16.61
		3117461	16.61	31-Mar-18	-	-	3117461	16.61
2	Mr. Pranav Kapuria	848102	4.52	1-Apr-17	-	-	848102	4.52
		848102	4.52	31-Mar-18	-	-	848102	4.52
3	Mr. Anuj Kapuria	844062	4.50	1-Apr-17	-	-	844062	4.50
		844062	4.50	31-Mar-18	-	-	844062	4.50
4	Mr. Sandeep Dinodia	0	0.00	1-Apr-17	-	-	0	0.00
		0	0.00	31-Mar-18	-	-	0	0.00



S. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year (01-04-17 to 31-03-2018)	% of total Shares of the Company
		No. of Shares at the beginning (01-04-17)/ end of the year (31-03-18)	% of total shares of the Company				No. of Shares	
5	Mr. Ramesh Chandra Jain	0	0.00	1-Apr-17	-	-	0	0.00
		0	0.00	31-Mar-18	-	-	0	0.00
6	Mr. Anil Kumar Khanna	0	0.00	1-Apr-17	-	-	0	0.00
		0	0.00	31-Mar-18	-	-	0	0.00
7	Mr. Bidadi Anjani Kumar	0	0.00	1-Apr-17	-	-	0	0.00
		0	0.00	31-Mar-18	-	-	0	0.00
8	Mr. Vinit Taneja	5600	0.03	1-Apr-17	-	-	5600	0.03
		5600	0.03	31-Mar-18	-	-	5600	0.03
9	Mr. Krishna Chandra Verma	0	0.00	1-Apr-17	-	-	0	0.00
		0	0.00	31-Mar-18	-	-	0	0.00
10	Mr. Prosad Das Gupta	0	0.00	1-Apr-17	-	-	0	0.00
		2000	0.00	31-Mar-18	2000	Purchase in open market	2000	0.00
11	Ms. Malini Sud	0	0.00	1-Apr-17	-	-	0	0.00
		0	0.00	31-Mar-18	-	-	0	0.00
<b>B KEY MANAGERIAL PERSONNEL</b>								
12	Mr. Vijay Mathur (CFO)	20	0.00	1-Apr-17	-	-	20	0.00
		20	0.00	31-Mar-18	-	-	20	0.00
13	Mr. S.K. Khatri (CS)	0	0.00	1-Apr-17	-	-	0	0.00
		0	0.00	31-Mar-18	-	-	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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	12,355.46	-	-	12,355.46
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	26.27	-	-	26.27
<b>Total (i+ii+iii)</b>	<b>12,381.73</b>	-	-	<b>12,381.73</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	5,854.29	-	-	5,854.29
* Reduction	14.73	-	-	14.73
<b>Net Change</b>	<b>5,839.56</b>	-	-	<b>5,839.56</b>



(Amount in Lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	18,195.02	-	-	18,195.02
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	117.46	-	-	117.46
<b>Total (i+ii+iii)</b>	<b>18,312.48</b>	-	-	<b>18,312.48</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) 2017-18	Mr. Pranav Kapuria (MD) 2017-18	Mr. Anuj Kapuria (WTD) 2017-18	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	115.20	47.62	39.49	202.31
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	9.30	8.36	8.69	26.35
	(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	110.46*	66.94*	66.94*	244.34*
	- as % of profit				
	- others, specify				
5	Others, please specify	NIL	NIL	NIL	NIL
	<b>Total (A)</b>	<b>234.96</b>	<b>122.92</b>	<b>115.12</b>	<b>473.00</b>
	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 2017-18, 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	3.01	1.10	4.11
2	Mr. K.C. Verma, Independent Director	3.01	1.20	4.21
3	Mr. Vinit Taneja, Independent Director	3.01	0.70	3.71
4	Mr. Anil Kumar Khanna, Independent Director	3.01	0.60	3.61
5	Mr. R.C. Jain, Non-Executive Director	3.01	0.50	3.51
6	Mr. Bidadi Anjani Kumar, Non-Executive Director	3.01	0.40	3.41
7	Mr. Prosad Dasgupta, Independent Director	3.01	0.60	3.61
8	Ms. Malini Sud, Independent Director	3.01	0.60	3.61
	<b>Total (B)</b>	<b>24.08</b>	<b>5.70</b>	<b>29.78</b>
	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 the aforesaid provisions.		

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. 502.78 Lakhs.

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

(Amount in Lakhs)

S. No.	Particulars of Remuneration	Mr. Vijay Mathur CFO 2017-18	Mr. S.K. Khatri CS 2017-18	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29.38	20.04	49.42
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	0.01	0.01
	(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			
	- as % of profit	NIL	NIL	NIL
	- Others, specify...	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	<b>Total</b>	<b>29.38</b>	<b>20.05</b>	<b>49.43</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding fees imposed	Authority [RD /NCLT/Court]	Appeal made. If any(give details)
<b>A. COMPANY</b>					
Penalty			<b>None</b>		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			<b>None</b>		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			<b>None</b>		
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, 2018.**

### **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:

- Installation of two solar plants of 400 KW and 250KW on roof top of 2 manufacturing units.
- Replacement of 290 W Metal halide overhead lamps with 100 W LED lamps for plant lighting.
- Replacement of halogen street lights with LED lights.
- 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.
- 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.
- Auto power factor control (APFC) panel are installed and maintained for improving the power factor to reduce the energy cost.
- 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.
- Periodic cleaning of Air Filters and preventive maintenance of AHUs.
- Energy conservation by adaptation & continuous running of VFD in 570 CFM Air compressor and Installation of VFD on 37 KW Compressor.
- Reduction of energy costs by maintaining supply Power Factor at more than 0.99.
- Water conservation measures to minimize water consumption.
- 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
- Various Modules are developed to conserve and save the energy. The same are monitored thru Project Management system.

#### **WATER CONSERVATION MEASURES**

- Drip Irrigation system for the Shrub, Grass and the Plant to reduce the water consumption
- Adaptation of low water consumption faucets and fixtures to minimize water consumption in general use and in Canteen
- Maintaining rain water harvesting system in good working condition for maintaining ground water level.
- Use of ETP water for gardening
- Enhancement of greenery landscape

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.

It is further to inform that the Manesar Manufacturing Unit has also upgraded its facility and become another 'ECOFAC Plant'. This Unit is also awarded Platinum Award from 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



endeavoured to acquire world-class technology both in hardware and software.

The benefit & 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.

Research & Development were carried in product development/ process development/ energy conservation/ environment protection/ cost reduction and automation. In aforesaid process design and material data base are continuously improved and enhanced.

The Company is continuing to absorb the Innovative Solution Ideas in product specification tool and end products.

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

- Installation of 250 KW Solar Power Plant on roof top
- Reduction in process losses by continues identifying the area of operation.

- Development of new products
- New measures required for the utilization of the renewable energy
- Plans for high & energy efficient motors to be replaced with old motors.
- Project adopted for optimizing the motor capacity in machines.
- 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. 221.27 lakhs on account of R&D. Note no. 45 of the Notes to Accounts of standalone Financials may be referred for the details.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO**

The Company recorded an export turnover of Rs. 13,043.82 lakhs as compare to Rs. 10,517.53 lakhs in the previous year, thereby recorded an increase of 24.02%. The total exports are now 23.64% of the total turnover. The details of Foreign Exchange Inflow and outflow are as under:

(Amount in lakhs)

Particulars	(2016-17)	(2017-18)
<b>Inflow</b>	10,517.53	13,043.82
<b>Outflow</b>		
Capital Equipment	325.50	234.10
Others	637.11	840.72
Consumables	262.61	110.10
Raw Material	-	23.26



#### 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 twice during the year under review. Details of the same are provided in Corporate Governance Report attached to the Annual Report.

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

Average net profit: Rs. 309,444,410/-

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

The Company was required to spend Rs. 61.88 lakhs towards CSR during the financial year 2017-18.

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

- Total amount spent for the financial year; Rs. 62.25 lakhs
- 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 (Rs)	Amount Spent on the project or programs (Rs)	Cumulative Expenditure upto reporting period (Rs)	Amount spent: Direct or through implementing agency
1	Education, Technical Education including Research & Development-	Promoting education, including special education and vocation skills.	Local Area i.e. Haryana & Delhi	54.98	54.98	54.98	Direct
2	Health	Promoting preventive health care and sanitation	Local Area i.e. Haryana & Delhi	5.00	5.00	59.98	Direct
3	Integrated Community Development	Building of tube well, water harvesting & women development	Local Area i.e. Rajasthan & Delhi	2.27	2.27	62.25	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)

## 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. Systems Private Limited (HESPL)
Nature of contracts/ arrangements/ transactions	Leasing of Property	Receiving of Job Work/ Services	Sale/purchase/Receiving 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 2017-18	In tune with market parameters estimated annual value of Rs 1,800 lakhs for the financial year 2017-18	In tune with market parameters estimated annual value of Rs 17,500 lakhs for all contracts for the financial year 2017-18	In tune with market parameters estimated annual value of Rs 12,500 lakhs for all contracts for the financial year 2017-18
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 Omnibus approval from the Audit Committee for the Related Party Transactions for the financial year 2017-18.
- Out of the above contracts with Vulcan & HESPL are considered material Related Party Transactions.
- During the year under review, the Company has incorporated a company in US. Refer Board Report for brief of transaction. The Company has invested Rs. 10 lakhs in Subsidiary Company & reimbursed an amount of Rs 10 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 and note 37 of the standalone financial statement of the Company.


**ANNEXURE-VI**

Statement of particulars of Employees pursuant to the provision of section 197 of the Companies Act, 2013 read with the Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, forming part of the 32nd Directors' Report for the financial year ended on March 31, 2018.

(Rs. In Lakhs )

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	69	Contractual appointment for a period of 5 year w.e.f. 01.01.2017	Overall Control and policy formulation	241.10	*BE (Hons) from B.I.T.S., Pilani *Advance Management Programme from IIM (A) *Lead Assessor Course *Owner Management Programme from Harvard Business School	45	01.01.1987	3117461 (16.61%)	Business
Mr. Pranav Kapuria	Managing Director	43	Contractual appointment for a period of 5 year w.e.f. 01.08.2015	Overall control of day to day management of the Company	124.49	*B. Com (H) from Delhi University *MBA from Cardiff Business School *Certificate Program on Lean Manufacturing from University of Michigan	17	01.08.2000	848102 (4.52%)	With The Hi-Tech Gears Ltd. as Director
Mr. Anuj Kapuria	Whole Time Director	40	Contractual appointment for a period of 5 years w.e.f. 15.05.2015	Overall control of day to day management of the Company	116.61	*BE in Robotic and Automated Manufacture engineering from Sussex university, U.K *Master's Degree in Robotics from Carnegie Mellon University	12	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- 63.37; Mr. Pranav Kapuria, Managing Director- 32.72; Mr. Anuj Kapuria, Executive Director- 30.65

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- 0.95; Mr. Sandeep Dinodia, Independent Director- 1.08; Mr. Vinit Taneja, Independent Director- 0.98; Mr. Prosad Dasgupta, Independent Director- 0.95; Mr. K.C. Verma, Independent Director- 1.11; Mr. R.C. Jain, Non-Executive Director- 0.92, Ms. Malini Sud, Independent Director- 0.95; and Mr. B.A. Kumar, Non-Executive Director- 0.90

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

2. % age increase in the median remuneration of employees is 4.51% in the financial year 2017-18;

3. There were 763 number of permanent employees on the rolls of company as on 31st March, 2018;

4. The company registered a growth of 17.61 % in total turnover as compared to average remuneration which has gone up by 7.56 % in the financial year 2017-18.

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

**(Amount in Lakhs)**

S. No.	Particulars	2017-18	2016-17	% Change
1	Turnover of the Company (net of excise duty)	52726.52	44830.51	17.61%
2	Profit Before Tax	4838.74	3257.94	48.52%
3	Profit After Tax	3191.24	2087.57	52.87%

6. (a) The Market capitalization as on 31st March, 2018 was Rs 74,753 Lakhs and Rs 59,785 Lakhs as on 31st March, 2017 which shown an increase of 25.04 %.

(b) Price Earnings ratio of the Company was 23.43 as at 31st March, 2018 and 29.33 as on 31st March, 2017 which shown an decrease of 20.12%.

(c) The Company has not made any Public offer in the recent past and accordingly, comparison of Public offer price and the current market price of the company's shares will not be relevant;

7. The key parameters for any variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination & Remuneration Committee as per the remuneration policy for Directors, Key Managerial Personnel, Senior Management & other employee.

8. There is no employee who receive remuneration in excess of the highest paid director during the year

9. It is affirmed that the remuneration is paid as per the remuneration policy of the Company.



# MANAGEMENT DISCUSSION ANALYSIS

## The Macro Economic Environment

India's growth prospects for the next year remain positive, with the country comfortably placed to remain one of the fastest growing large economies in the world. Today India is the sixth-largest economy in the world measured by nominal GDP and the third-largest by purchasing power parity (PPP). Classified as a newly industrialised country, India is amongst the major G-20 economies, and a member of BRICS. India replaced the People's Republic of China as the world's fastest growing major economy in the last quarter of 2014, and remains a fast-developing economy having clocked in an average growth rate of around 7 % over the last few years.

India's long-term growth prospects are also positive given its young population, corresponding low dependency ratio, healthy savings and investment rates, and an increasing integration into the global economy. India has the potential to become the world's 3rd-largest economy by the next decade. In view of this the IMF has retained India's growth potential above 7% for FY 2019.

Despite many headwinds that occurred in the second half, such as higher crude and Rupee depreciation, the revision of the Current Account Deficit (CAD) to 3.5% from 3.2% for FY 2018, and 3.3 % from 3% for FY 2019 has still brought satisfaction to the economy. After high and near unsustainable CAD levels between FY 2012 to FY 2014, India's balance of payments situation since has improved considerably. The recent weakness in external demand has marginally affected exports. Nevertheless, CAD as a proportion of GDP has remained at comfortable levels.

The growth in FY 2017-18 can be attributed to factors such as strong buoyancy in the end-user industry, recovery of the global economy, improved consumer sentiment, return of adequate liquidity in the financial system, business friendly policies of the government etc.

India is also focusing on renewable sources to generate energy. It is planning to achieve 40 % of its energy from non-fossil sources by 2030 which is currently 30 % and also has plans to increase its renewable energy capacity from 57 GW to 175 GW by 2022. This effort will surely save a lot of foreign exchange on account of imports, as this consumes a major chunk in the import bill.

The service sector is also growing very fast. In total GDP, it occupies the first slot with 54.6%, Industry & Manufacturing has the share of 32.2% and Agriculture sector is now having a share of 13.2%.

The country's gross national income (GNI) at current prices witnessed a rise of about 10 % at Rs 165.87 lakh crore during 2017-18 as against Rs 150.77 lakh in the previous year.

Similarly, the per capita income is measured by calculating the net national income per person at the current growth in the economy including the impact of inflation. At current prices during FY 2018, it stood at Rs 1,12,835/- as compared to the Rs 1,03,870/- previously. This growth is the lowest in four years because GDP growth

has been lower in FY 2018 at 6.6. % due to, the initial effects of demonetisation, GST and higher oil & energy prices. All these factors have led to lower per capita income growth.

In 2017, global economic growth is estimated to have reached 3.2%, the highest growth rate since 2011. Currently, all the major developed economies are experiencing a synchronized upturn in growth. Compared to the previous years, growth strengthened in almost two thirds of the countries worldwide in 2017. The global growth however has softened in recent months, as manufacturing activity and trade have shown signs of moderation. The ongoing withdrawal of monetary policy accommodation in advanced economies has led to some tightening of global financing conditions, while oil prices are substantially higher than expected. Global inflation is trending up, from lower levels.

The US economy has performed comparatively well in the last couple of years due to factors such as improvement in domestic demand, advantage of tax cut and an accommodative monetary policy. Similarly, after experiencing extremely difficult situations in the past, the year 2017 exhibited some stability for many large and emerging economies.

Among the emerging market and developing economies (EMDEs), the recovery in commodity export countries has continued, as consumptions and investments are firm. Growth in China is gradually slowing, but remains resilient, while constraints to growth are dissipating in other large commodity importers— notably India and Mexico, where investment is recovering. Inflation remains broadly stable so far, despite higher commodity prices and limited remaining slack.

Now the concern for global and domestic trade is that the tensions and rhetoric have ramped up between the USA and China, with President Trump reiterating long-standing complaints against intellectual property theft and China's record-high trade surplus with the US. The major impact of such trade war is now visible by way of lower trade, depreciating currencies in developing countries, including India and higher oil prices.

At the domestic front, India will remain the fastest-growing major economy supported by increased government spending ahead of next year's general elections. However, rising oil prices pose the biggest downside risk besides the currency volatility and other continuing domestic concerns.

## India's Foreign Trade

India has been the favorite destination for trade since ages. India exports ores and minerals, auto, textile, gems & jewellery, handicrafts, leather, agriculture and food products and at the same time imports, petroleum, crude, gold & silver, coal, capital goods and machineries.

### India's Foreign Trade for April-March 2017-18

	Merchandise (P)		Services* (P)		Merchandise + Services (P)
	Values in USD billions	% Growth	Values in USD billions	% Growth	Values in USD billions
Exports	302.84	9.78	175.31	17.63	478.15
Import	459.67	19.59	105.65	19.74	565.32
Trade Balance	-156.83	44.54	69.66	14.56	-87.17

The cumulative value of exports for the period 2017-18 was US \$ 302.84 billion (Rs 1952168.79 crore) as against US \$ 275.85 billion (Rs 1849428.76 crore) registering a growth of 9.78 per cent in Dollar terms. Similarly, cumulative imports were US \$ 459.67 billion (Rs. 2962897.70 crore) as against US \$ 384.36 billion registering a growth of 19.59 % in Dollar terms.

Though, on the international trade front, India has done well, however the data shows the widening of the trade deficit to US \$ 87.17 billion as compared to US \$ 47.70 billion last year. The major reason was, oil imports during FY 2018 which were valued at US \$ 109.11 billion comprising 25.47 % of the total import bill. We had to pay more due to the increase of global Brent oil prices which increased by 27.86 % in March 2018 vis-à-vis March 2017.

As automobile and component export has a considerable chunk in the total exports, data relating to auto is important for analysis. The total value of India's automotive exports is expected to be US \$ 14 billion in FY 2017-18 as compared US\$ 10.9 billion in FY 2016-17. This has been driven by strong growth in the domestic market and increasing globalisation (including exports) of several Indian suppliers. Auto-component exports from India are expected to grow in double digit in FY 2019, backed by stronger global growth and higher exports to emerging nations.

#### Industry and Segment Dynamics

The Indian automobile market made its mark in the world by manufacturing quality products at competitive prices. The Automobile & Auto Component sectors go hand in hand. The Indian auto component industry is amongst the country's rising industries, with tremendous growth prospects. The high quality, low priced engine parts, transmission parts, brake systems and other components made In India are amongst the worlds' favorite. A major contributor in achieving this status is also the technology support extended by India's auto component companies to the automotive manufacturers.

The industry currently accounts for a sizable amount of India's GDP and employs about 20 million people, both directly and indirectly. The ever-increasing development in infrastructure, a big domestic market, increasing purchasing power and stable government framework have made India a favourable destination for investment. However there are certain factors that stand as challenges before the automobile industry. The most immediate challenge is the unevenness of domestic and global markets. Meanwhile, the Indian market's performance has been inconsistent, even though investments by most original equipment manufacturers (OEMs), which are betting big on future demand, continue to ramp up. Reacting strategically to these demand shifts will be an absolute priority for industry leaders in the coming time.

Globally the auto component industry is evolving very fast. The component industry is thus faced with new challenges, mainly dealing with regulatory pressures, increasing the automation requisite to delivering quality products, the need to manage costs and raise productivity, ensuring compliance with environmental issues. While the challenges are many they bring with them numerous opportunities as well. The industry would stand to gain from the learning and innovative experiences.

#### Production Trends of the Automobile Sector

In FY 2018 the Automobile Sector again showed good growth both in domestic as well as export sales in all vehicle categories. Riding on the back of gradual upliftment in market sentiments, policies encouraging manufacturing & exports, favourable government policies, R&D boost, and the Make in India campaign, the Indian automotive industry posted an overall domestic production growth of 2,90,75,605 vehicles as against 2,53,30,967 vehicles in PY, registering a growth of 14.78% in the fiscal year 2018.

Two wheelers have always had a major share of volumes in the total output; in all variants this segment reported a robust growth. The segment produced and sold (both domestic and exports) 2,31,47,057 units and 2,30,07,688 units compared to 1,99,33,739 units and 1,99,30,015 units in previous year, thus registering a marginal growth of 16.12% in production and 15.44% in sales respectively. Within this segment, Scooters and motorcycles grew by 20.10%, (71,17,795 units) and 15.83% (1,51,59,700 units) respectively and Mopeds declined by (-) 5.38% (8,69,562 units).

Similarly, the Passenger Vehicle segment produced 40,10,373 units compared to 38,01,670 units in PY, showing an increase of 5.49%. Within this category, Passenger Cars and Utility Vehicles grew by 1.03% (27,39,899 Vehicles) and 19.92 % (10,90,744 Vehicles) respectively, while production of Vans declined by (-) 0.26 % (1,79,730 Vehicles).



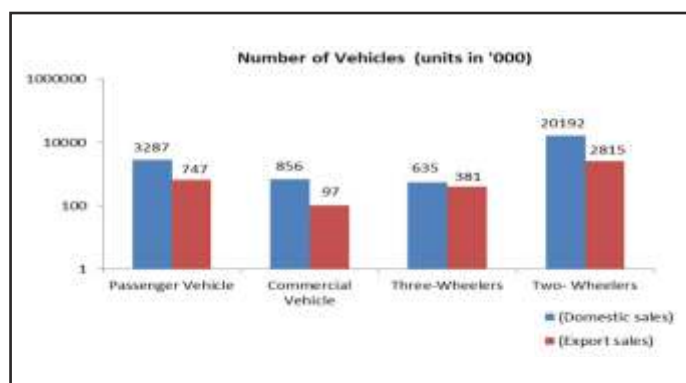
The Commercial Vehicle segment registered a production growth of 10.40% (8,94,551 Vehicles). Within this category, M & HCVs and LCV grew by 0.35% (3,43,951 Vehicles), and 17.78 % (5,50,600 Vehicles) respectively.

### Domestic & Export Sales Trends of Automobile Sector

In FY 2018, the industry registered a growth of 14.48% over the same period last year by selling 2,90,14,565 vehicles compared to 2,53,44,006 vehicles in the previous year. It is heartening to note that the Three Wheelers vehicle segment was the dark horse among all categories of vehicles and registered the highest growth of 29.72%. The sales of Passenger Vehicles grew by 6.01% in FY 2017-18 over the same period last year by recording a figure of 40,35,252 units. Within the Passenger Vehicles segment, Passenger Cars, Utility Vehicles and Vans grew by 1.74%, 18.75% and 5.46% respectively.

The Two Wheelers segment registered a growth of 15.44% in FY 2018 over FY 2017 by recording a sales figure of 2,30,07,688 units. Within the Two Wheeler segment, the sales of Scooters/ Scooterette and Motorcycles grew by 19.27% and 15.05% respectively while sales of Mopeds declined by (-) 3.70 in FY 2017-18 over FY 2016-17. It is also worth noting that the growth of the scooter market is much higher than the motorcycle market, due to ease of driving and low maintenance costs.

The commercial vehicle sector which is an indicator of a country's economic progress was not in the best of its shape since the past few years but in FY 2018 this segment registered a significant growth of 15.93% as compared to the same period last year. A total of 9,53,320 units were sold in the domestic market compared to 8,22,353 units in the previous year. Within the commercial vehicle category. Medium & Heavy Commercial Vehicles (M&HCVs) grew by 11.01% and Light Commercial Vehicle (LCV) grew by 19.50%. The growth is mainly attributable to Light Commercial Vehicle (LCV) the sector which registered a sterling 19.50% growth and sold 5,68,912 units in FY 2018 as compared to 4,76,067 units in the previous year.



In FY 2018, overall automobile exports grew by 16.12 % by exporting 40,41,777 units over the same period last year. The Three Wheeler segment and the Two Wheeler segment grew by 40.13% and 20.29 % respectively while

the Passenger Vehicle and Commercial Vehicle segment registered a de-growth of (-) 1.51% and (-) 10.53% over the same period last year.

### Risk & Concerns in Auto Component Segment

The auto component industry is regarded as a low operational cost and low margin business. The auto component industry has been battling with its industry specific issues/ challenges such as:

- Infrastructure Challenges & Cost:
- Problem of counterfeit parts
- Availability of skilled manpower
- Building R&D competence and Ecosystem
- Fast technological changes

The auto component industry is not new to the above challenges and it is dealing with them at its best from quite some time. It has almost overpowered the under capacity utilisation and excessive imports of raw material and capital goods. However, from last year it is experiencing the heat of high energy and fuel cost and extreme volatility of currency.

While far from being a currency war and paying for higher crude products, India does not have much of an option but to depreciate to accommodate its exports. The above have not impacted the business but certainly have shrunk the margins

### Future Outlook

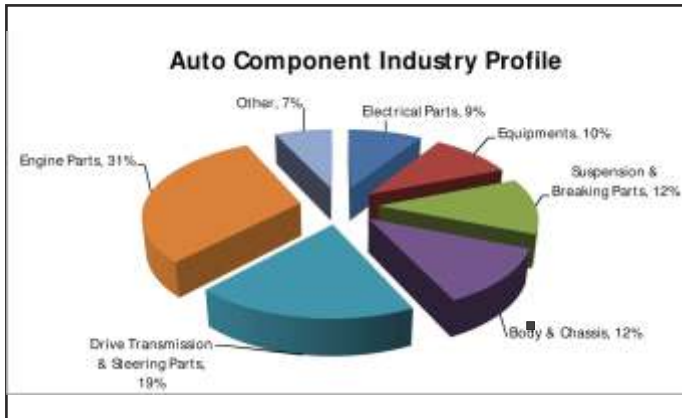
India is now acting as a global manufacturing hub for manufacture of commercial vehicles, small & mid size cars and two wheelers. Rapid increase in sales of the small car segment in India has prompted a number of global automobile companies to enhance their capacities for domestic as well as export market.

From the ground level, three powerful forces are impacting the auto industry: shifts in consumer demand, stricter regulatory requirements for safety and fuel economy, and the increased availability of data and information. At the same time the currency fluctuation and high fuel costs have increased the woes of the industry. Although this is not likely to have a major impact on sales volume in the long term, but still the margins may be affected.

The rapidly globalising world is opening newer avenues for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe and reliable modes of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt to the changes via systematic research and development.

The Indian auto-component industry is set to become the third largest in the world by 2025 Indian auto-component makers are well positioned to benefit from the globalisation of the sector as exports potential could be increased by up to four times to US\$ 40 billion by 2020.





The effects of demonetisation and teething problems of the initial rollout of GST have been diminishing and are now rather helping the economy and the industry to grow. Normal monsoon is expected, which will in turn generate more cash in the economy resulting in more purchasing power. Additionally, increasing rural demand, growing urbanization, swelling replacement demand etc. will further accelerate the growth of the automobile industry and in turn the auto component industry. The long-term prospects are hence bright & the demand will grow due to the aforesaid factors.

In view of the opportunities, the Company will leverage its positioning and also rely on building its relationships and product development plans to grow further. The export programmes are also expected to gain momentum. Overall, the focus will continue to be on quality delivery at optimum costs. The Company believes that FY 2019, while being challenging, will be a year when not only the Company will continue its growth momentum, but also will consolidate its position in the top league.

#### Opportunities, Threat and Mitigation Strategies

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

**Foreign Exchange Fluctuation:** The volatility in foreign exchange is now a major concern for the Company for the repayments of the ECB loans. To mitigate the risk, the Company has a natural edge, as the Company is receiving almost 25% of its revenue in foreign exchange through its export sales.

**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 its competitors. Additionally, the Company is

not dependent upon a single source/ supplier. A core team is constituted which has expertise in vendor management and keeps a track on the price of steel. This team negotiates the price in the best interest of the Company.

**Power:** The other major cost in production is the energy cost. Presently the Company is getting power from the State Electricity Board as per the prevailing tariff. The current 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 a pre decided schedule. Further, solar power plants of 400 KW & 250 KW have been successfully installed to reduce the energy cost.

**Customer profile:** The 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 financials of the Company. To mitigate this risk the Company is focusing on widening its customer base, entering new user segments and spreading operations across geographies to mitigate the market risks.

**Two-Wheeler business:** A major share of the Company's business is generated from the two wheeler segment and is evident from the financials. Competition in the business 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 its two wheeler business, the 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. OEMs expect Tier-1 suppliers for technology updation and material changes. Thus, the Company needs to continuously stay in touch with such progress & needs to evaluate ways to address these issues as well as develop technologies which are affordable and accessible. To mitigate the risks, the Company has always invested in upgrading its technology to meet the changing customer demand.

**Geographical limitations:** Auto component companies have another issue that is geographical limitations. Practically, it is 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 mentioned concern, the Company has been regular in reaching out to other geographies. It has almost achieved the exports to the tune of around 25%

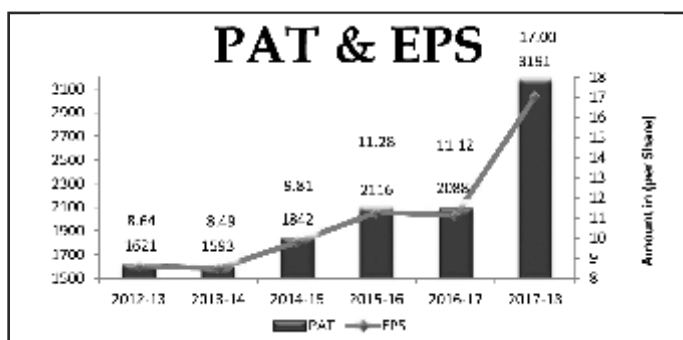


of the total exports. We are committed to increase this number. Further, the Company has acquired few entities in the NAFTA region which will be a progressive step in the right direction.

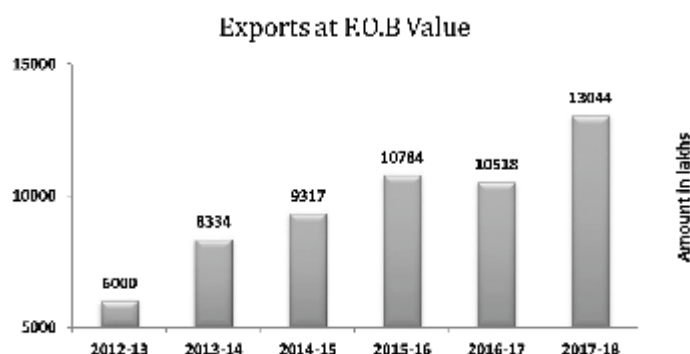
**Regulatory Change:** Regulations are changing to accommodate the awareness about environmental responsibilities. Stringent emission and safety norms are playing an increasingly important role globally. In the recent past, the government has focused on tighter emission norms. Now, the focus is also coming on to battery and hybrid vehicles to promote green vehicles. Of late, safety has also been attracting governmental attention. The Company is committed to comply with all applicable environmental and related regulations by gearing up for the technological changes in the products, so that it meets the requirements.

### Brief of Financial Results

On standalone basis, the total turnover stood at Rs. 55,157.06 lakhs compared to Rs. 49,783.83 lakhs during the previous year. The Company managed to touch the Rs. 550 Crore mark in terms of total revenue. The total turnover from operations (net of excise) stood at Rs. 52,726.52 lakhs as compared to Rs. 44,830.51 lakhs in FY 2016-17, registering a growth of 17.62%. Growth in all verticals was clearly visible. The profit before tax stood at Rs 4,838.74 lakhs as compared to Rs 3,257.94 lakhs in the previous year, recording an increase of 48.52%. EPS stood at Rs. 17.00. Similarly, the net profit after tax is Rs. 3,191.24 lakhs as compared to Rs 2,087.57 lakhs in previous year, which is about 52.86% compared to the previous year.



The Company recorded an export turnover of Rs. 13043.82 lakhs compared to Rs. 10517.53 lakhs during the previous year, recording an increase of 24.02%. The total exports are now 23.64% of the total turnover.



On the consolidated side, the turnover was recorded till the close of the financial year at Rs. 77949.10 lakhs compared to Rs. 52141.18 lakhs during the previous year. The profit before tax stood at Rs. 5151.82 lakhs as compared to Rs. 3257.81 lakhs in previous year. The consolidated financials of the Company with its subsidiaries are attached at the relevant part of this Report.

An amount of Rs. 656.88 lakhs is being paid out by way of dividends for the year 2017-18 compared to Rs. 469.20 lakhs in previous year, out of which an interim dividend of 15% was declared and already paid in Feb/Mar 2018, and a final dividend of 20% is being recommended to the shareholders for their approval.

### Operational Excellence, Awards & Recognitions

The Company is continuing its success journey and has recently in the true sense become a global footprint company while setting a benchmark for other peer group companies. It follows world class manufacturing systems, as manifested in its vision statement. In this drive, our efforts have been recognized by our esteemed customers, who have continuously appreciated our quality & efforts and supported us from time to time.

Steps initiated by the Company for implementation and absorption of Lean Manufacturing and Total Productivity Maintenance (TPM) practices are consistently showing encouraging results. Customer recognitions are the strongest testimony to a company's excellence. The ECOFAC Plants at Bhiwadi and Manesar are unique & one of its kind. These Plants have been conferred the Platinum category by the Green Building Council. ECOFAC means a sustainable green manufacturing plant. The Company's Plants have 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 these Plants from the initial stage. Our efforts have not only been appreciated by the concerned authorities but also by customers and will become a model for future sustainable manufacturing growth.

India Ratings and Research (IndRa) has rated The Hi-Tech Gears Ltd. (HGL) as '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 company's liquidity remained comfortable as strong cash vs generation.

The Company has successfully installed two roof top Solar Power Plants of 400 KW and 250 KW in Manesar and Bhiwadi manufacturing units respectively as part of its commitment to conserve the environment and reduce the energy cost.

### Segment Reporting

The Company is primarily engaged in the business of gears and transmission components, & the 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 the relevant Accounting Standard on Segment Reporting

**Internal Controls & their adequacy**

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 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 which assists the Company in its timely detection when they do occur. These internal audits will continue though the Internal Auditors may be rotated periodically to ensure a fresh approach and outlook every few years. Further, to have better and sustainable control, a new ERP system has been implemented which is showing the desired results.

The 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,

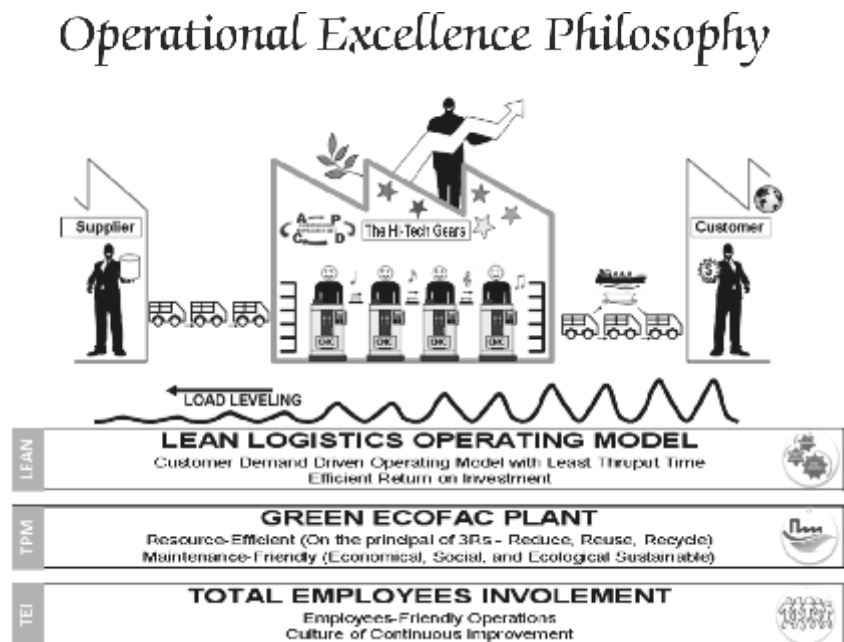
highly-motivated and loyal employees represent the basis of a competitive company. The growth of satisfaction is to be reflected in the increase of productivity, improvement of the products’ quality or rendered services and higher number of innovations.

Recognizing the importance of human resources the 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. The Company acknowledges the development and training of its employees to help them to perform better in all respects. The 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 continues 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 have been introduced as part of a structured program to enhance the safety and health of its workmen and other associates. Performance measurement and skill up gradation programs are widely deployed within the Company.

**Disclaimer**

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







## CORPORATE GOVERNANCE REPORT

### Forming part of 32nd 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 12 members out of them 9 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, Mr. Bidadi Anjani Kumar and Mr. Anant Jaivant Talaulicar 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 March 31, 2018 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	Four	Three	One
Mr. Ramesh Chandra Jain (00038529)	Director	Non Independent, Non-Executive	Six	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
Mr. Anant Jaivant Talaulicar (00031051)	Additional Director	Non Independent, Non-Executive	Four	One	Nil



\* Mr. Anant Jaivant Talaulicar was appointed as Additional Director on May 21, 2018. His appointment is subject to confirmation by shareholders at the ensuing 32nd Annual General Meeting.

**Note-1** Board Committee for this purpose means Audit Committee and Stakeholder Relationship Committee (including Board Committees of The Hi-Tech Gears Limited).

**Note-2** 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 2017-18**

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) May 29, 2017, (2) August 04, 2017 (3) September 06, 2017, (4) December 02, 2017, (5) February 02, 2018.

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. Independent Directors in their special meeting also evaluate the performance of Board, Chairperson, Non-Independent Directors. Familiarization programme are posted on the website of the Company and any member can visit the Company's website by clicking the link – <http://www.thehitechgears.com>

#### **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 SEBI (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	2 (Two)	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)	Yes
Mr. Anuj Kapuria	4 (Four)	Yes
Mr. Ramesh Chandra Jain	5 (Five)	No
Mr. K.C. Verma	5 (Five)	No
Mr. Prosad Dasgupta	5 (Five)	No
Ms. Malini Sud	5 (Five)	No

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

Mr. Vinit Taneja holds 5600 equity shares and Mr. Prosad Das Gupta holds 2000 equity shares as on March 31, 2018. 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, has immense knowledge of Administration. 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 2017-18.

#### Meeting and attendance

The Audit Committee met 4 (Four) times during the financial year 2017-18 on the following dates:

(1) May 29, 2017, (2) September 06, 2017 (3) December 02, 2017 (4) February 02, 2018. 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	4	4
Mr. Anil Kumar Khanna	Member	Independent Director	4	2
Mr. Anuj Kapuria	Member	Executive Director	4	3
Mr. K.C Verma	Member	Independent Director	4	4

#### 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;

- 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 are 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 2017-18.

##### Meetings and attendance

The Nomination & Remuneration Committee met One (1) time during the financial year 2017-18 on May 27, 2017.

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

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- Nomination and Remuneration Committee also provides the manner in which the performance evaluation of Board, its Committees and Individual Directors are done and provides the review process.
- Devising a policy on Board diversity.

- Formulate a Remuneration Policy as specified under Section 178 of the Companies Act, 2013, from time to time.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
- Carrying out any other function as is mentioned in the terms of reference of the Nomination & Remuneration Committee, in Companies Act, 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 August 07, 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 Directors 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.

- The details of the remuneration paid/payable to the Chairman, Managing Director and Whole Time Director for the year ended March 31, 2018, are as under: -

(Amount in lakhs)

Sl. No.	Name of Director	Designation	Salary	Perquisites	EPF	Commission	Total
1	Mr. Deep Kapuria	Executive Chairman	115.20	6.79	8.64	110.46	241.10
2.	Mr. Pranav Kapuria	Managing Director	47.62	6.34	3.57	66.94	124.49
3.	Mr. Anuj Kapuria	Executive Director	39.49	7.20	2.96	66.94	116.61



**Notes:-**

- a. Salary includes Basic salary & HRA, Perquisites includes medical & other perquisites. EPF includes contribution to provident and other statutory funds.
- b. 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 2.29% for Mr. Deep Kapuria & 1.39% each for Mr. Pranav Kapuria

& Mr. Anuj Kapuria.

- c. Commission is pending for disbursement till the finalization of this Report.
2. 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, 2018 are as under: -

(Amount in lakhs)

S.No.	Name of the Non-Executive Directors	Sitting fees	Commission	Total
1.	Mr. Anil Kumar Khanna	0.60	3.01	3.61
2.	Mr. Sandeep Dinodia	1.10	3.01	4.11
3.	Mr. Vinit Taneja	0.70	3.01	3.71
4.	Mr. Ramesh Chandra Jain	0.50	3.01	3.51
5.	Mr. Prosad Dasgupta	0.60	3.01	3.61
6.	Mr. K.C. Verma	1.20	3.01	4.21
7.	Mr. Bidadi Anjani Kumar	0.40	3.01	3.41
8.	Ms. Malini Sud	0.60	3.01	3.61
	<b>Total</b>	<b>5.70</b>	<b>24.11</b>	<b>29.81</b>

**Notes:**

- a. Other than the Executive Directors, Directors were entitled to sitting fee & Commission on the Net Profit of the Company.
- b. There were no other pecuniary transactions/relationship with Non- Executive Directors.
- c. There is no service contract, notice period, severance fees payable to Non-Executive Directors.
- d. 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 2017-18.

**Meetings and attendance**

The Corporate Social Responsibility Committee met Two (2) time during the financial year 2017-18 on May 29, 2017 and February 13, 2018. 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	2	2
2.	Mr. Deep Kapuria	Member	Executive Director	2	1
3.	Mr. Pranav Kapuria	Member	Executive Director	2	2

Company Secretary acts as the secretary of the Committee.

The following roles & responsibilities of the Committee:-

1. 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;
2. The amount of expenditure to be incurred on the activities to be undertaken by the company as specified in Schedule VII of the Act;

3. Monitor the Corporate Social Responsibility Policy of the company from time to time;

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

As part of its initiatives under CSR, the Company has undertaken various projects pursuant to Schedule VII & CSR Policy of Company. Company spent a sum of Rs. 62.25 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 2017-18.

### Meetings and attendance

No meeting was required to hold during the FY 2017-18. 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:

S. No.	Name	Position/Composition	Category
1.	Mr. Anil Kumar Khanna	Chairman	Independent Director
2.	Mr. Sandeep Dinodia	Member	Independent Director
3.	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 March 31, 2018

Pending at the beginning of the year	Nil
Received during the year	Nil
Disposed of during the year	Nil
Remaining unresolved at the end of the year	Nil

## a. 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 three Directors, under the nomenclature 'Share Transfer Committee' has been empowered to approve transfer, transmission, demat

and other related matters regarding the shares of the Company.

### Meetings and attendance

The Share Transfer Committee met 9 (Nine) times during the financial year 2017-18 on July 03, 2017, July 31, 2017, September 30, 2017, November 27, 2017, November 28, 2017, November 30, 2017, January 06, 2018, March 26, 2018, March 27, 2018. 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 March 31, 2018 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 29, 2017, inter alia, to discuss:

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

Six Independent Directors were present at the meeting.

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

## VIII. Annual General Meeting

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

Financial Year	Date	Time	Venue	No. of Special Resolution Passed
2016-17	September 29, 2017	11.00 A.M.	A-589, Industrial Complex, Bhiwadi –301019 (Rajasthan)	-
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





- b. No resolution was passed by way of postal ballot during the FY 2017-2018.
- c. At the forthcoming Annual General Meeting to be held on September 29, 2018, no resolution to be passed through Postal Ballot.
- d. Dividend history of last five years

S. No.	Financial year	Rate of Dividend	Date of Declaration
1	2016-17	Interim- 12.5% Final- 12.5%	February 10, 2017 September 29, 2017
2	2015-16	Interim – 15% Final- 15%	February 12, 2016 September 23, 2016
3	2014-15	Interim – 10% Final- 15%	February 12, 2015 September 29, 2015
4	2013-14	Interim-10% Final-15%	February 14, 2014 September 18, 2014
5	2012-13	Interim- 10% Final- 15%	February 14, 2013 September 30, 2013

For the year 2017-18, the interim dividend @ 15% was declared on February 02, 2018.

e. Unclaimed Dividend

Unclaimed final dividend of the financial year 2010-11 is due for the transfer by the Company to IEPF in the month of Oct/Nov, 2018.

The Company has transferred Rs. 70371/- to IEPF on account of unclaimed/unpaid dividend for the FY 2010-11 (Interim Dividend)

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 March 31, 2018**

(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
					2545887 Ontario Inc.	Teutech Industries Inc.		
<b>Nature of Relationship</b>								
Rent	180.00	-	-	-	-	-	-	180.00
Sale of Goods	-	0.60	781.31	-	-	71.80	-	853.71
Rendering of Job Work/ Services	-	55.01	76.36	-	-	-	-	131.37
Receiving of Job Work/ Services	-	1,868.68	-	451.10	-	-	-	2319.78
Goods Purchased	-	9257.85	3011.71	-	-	-	-	12269.56
Purchase of Assets	-	-	-	44.05	-	-	-	44.05
Director's Remuneration	-	-	-	-	-	-	482.20	482.20
Sale of Fixed Assets	-	10.41	1.03	-	-	69.13	-	80.57
Investment in equity capital of 2545887 Ontario Inc. Canada	-	-	-	-	5204.4	-	-	5204.4

- 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 KMP is remuneration to Whole Time Directors. Remuneration to include salary, HRA, perquisites including medical reimbursement etc. and contribution towards EPF. Details in Note No. 37 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 strict 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 individually 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 Directors to the post of Chairman and Managing Director.
  - (v) The Internal Auditors report to the Audit Committee.
- E. The Company has Eight Subsidiaries and out of them "2545887 Ontario Inc." and "Teutech Industries Inc" are considered as Material Subsidiaries of the Company. For further details refer Form AOC- 1 and MGT-9 and consolidated Financial Statements. 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)
- The Link of the Policy is:  
<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, 2018, 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 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 – thru email by providing a link/Annual Report.
  - ii. To others – Thru physical copies of Annual Report by Courier/registered book post.



3. All material information about the Company is promptly sent through email/facsimile to the Stock Exchanges where the shares of the Company are listed.
4. The Company has not displayed any official news release during the year under review except as required by the 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:

32nd Annual General Meeting of the Company will be held on Saturday the 29th day of September, 2018 at 11:00 A.M at the Registered Office of the Company situated at A-589, Industrial Complex, Bhiwadi, Distt. Alwar, Rajasthan 301019.

Financial Calendar for 2017-18	Results were announced on	Newspapers	Date of Publication
Financial Reporting for the 1st quarter ended June 30, 2017	06.09.2017	Business Standard	08.09.2017
		Dainik Lokmat	08.09.2017
Financial Reporting for the 2nd quarter and 1st half year ended September 30, 2017	02.12.2017	Business Standard	04.12.2017
		Dainik Lokmat	04.12.2017
Financial Reporting for the 3rd quarter ended December 31, 2017	02.02.2018	Business Standard	04.02.2018
		Dainik Lokmat	04.02.2018
Financial Reporting for the 4th quarter and year ended March 31, 2018	21.05.2018	Business Standard	23.05.2018
		Dainik Lokmat	23.05.2018

**Note:** The Company has Subsidiary Companies, however pursuant to Regulation 33(3)(b) of SEBI (LODR) Regulations, 2015, the company has opted **NOT** to consolidate the Results for the first three quarters of the F/Y 2017-18

### 1. Financial Calendar for 2018-2019 (Tentative and subject to change)

Financial Reporting for the 1st quarter ended June 30, 2018	August 03, 2018
Financial Reporting for the 2nd quarter and 1st half year ended September 30, 2018	November, 2018 (2nd Week)
Financial Reporting for the 3rd quarter ended December 31, 2018	February, 2019 (2nd Week)
Financial Reporting for the year ended March 31, 2019.	May, 2019 (Last week)
Annual General Meeting for the year 2017-18	September 29, 2018

### 3. Date of Book Closure

September 23, 2018 to September 29, 2018  
(Both days inclusive)

#### E-Voting Cut-off date

September 22, 2018

#### E-Voting period

September 26, 2018 (9:00 a.m.) to September 28, 2018 (5:00 p.m.)

#### Dividend payment

Dividend, if declared by the shareholders in the Annual General Meeting, shall be paid as Rs. 2/- per share i.e. @ 20% to those shareholders whose name appears on the Register of members as on September 29, 2018. In respect of the shares held in electronic form, to those members whose names appear in the statements of beneficial ownership furnished by Depositories (NSDL/CDSL) as at the end of business hours on September 22, 2018

#### 4. Listing on Stock Exchanges

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

As on March 31, 2018 the equity shares of the Company are listed on the following Stock Exchanges:-

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

##### b.) Bombay Stock Exchange

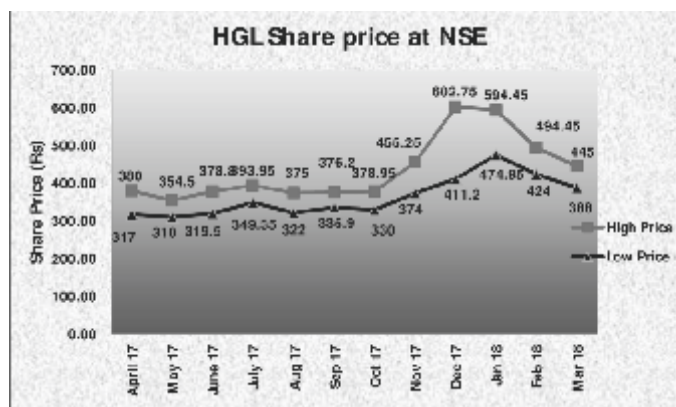
Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Limited Mumbai-400001 Scrip Code–522073

Note: The listing fee for the Financial year 2017-2018 & 2018-2019 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)				
	Shares Price Rs.		Sensex			Shares Price Rs.		Nifty		No. of shares traded
	High Price	Low Price	High	Low		High Price	Low Price	High	Low	
April 17	379.8	317.1	30184.2	29241.5	167717	380.0	317.0	9367.2	9075.2	600967
May 17	355.0	308.2	31255.3	29804.1	57474	354.5	310.0	9649.6	9269.9	202177
June 17	379.0	320.6	31522.9	30680.7	111489	378.8	319.5	9709.3	9448.8	468518
July 17	394.2	346.2	32672.7	31017.1	247789	394.0	349.4	10114.9	9543.6	694081
Aug 17	371.1	322.0	32686.5	31128.0	48633	375.0	322.0	10137.9	9685.6	177418
Sep 17	376.4	335.0	32524.1	31081.8	95596	376.2	335.9	10179.0	9687.6	223497
Oct 17	376.0	330.6	33340.2	31440.5	103703	379.0	330.0	10384.5	9831.1	246584
Nov 17	453.9	372.5	33866.0	32683.6	519063	455.3	374.0	10490.5	10094.0	1837434
Dec 17	601.9	408.1	34138.0	32565.2	443972	602.8	411.2	10552.4	10033.4	1632364
Jan 18	595.3	474.0	36444.0	33703.4	184308	594.5	475.0	11171.6	10404.7	375645
Feb 18	492.0	423.4	36256.8	33482.8	53808	494.5	424.0	11117.4	10276.3	215972
Mar 18	445.0	386.0	34278.6	32483.8	56235	445.0	388.0	10525.5	9951.9	175463

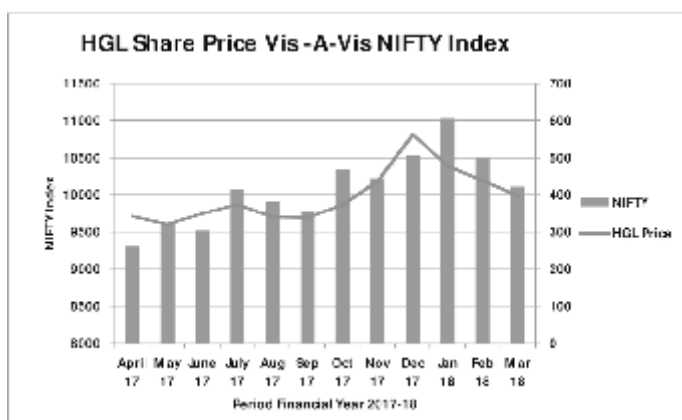






## 6. Performance in comparison to Broad Based Indices:-

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@thehitechgears.com](mailto:secretarial@thehitechgears.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 three 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 SEBI (LODR) 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

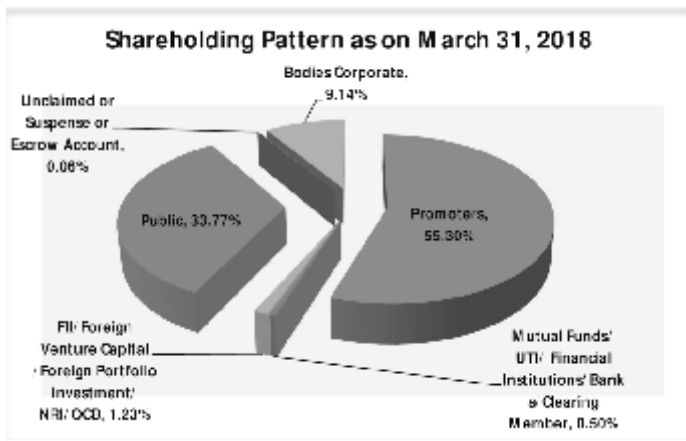
As on March 31, 2018 the distribution of shareholding was as follows:

Range of no. of Equity Shares held	No. of share	% (No. of share)	No. of shareholders	% (No. of shareholders)
1 to 5,000	527549	2.811	4259	80.724
5,001 to 10,000	343144	1.828	424	8.036
10,001 to 20,000	372423	1.984	240	4.549
20,001 to 30,000	265259	1.413	103	1.952
30,001 to 40,000	210866	1.124	57	1.08
40,001 to 50,000	223101	1.189	48	0.91
50,001 to 100,000	416185	2.218	57	1.08
100,001 and above	16409473	87.433	88	1.668
<b>TOTAL</b>	<b>18,768,000</b>	<b>100.00</b>	<b>5276</b>	<b>100.00</b>

## (b) Category wise shareholding as on March 31, 2018

Category	% of Shareholders	No. of shares held
Promoters	55.30%	1,03,78,621
Mutual Funds/ UTI/ Financial Institutions/ Banks/Clearing Member	0.50%	93,911
FII/Foreign Venture Capital /Foreign Portfolio Investment/NRI/OCB	1.23%	2,30,554
Public	33.77%	63,38,349
Unclaimed or Suspense or Escrow Account	0.06%	11,241
Bodies Corporate	9.14%	17,15,324
<b>Total</b>	<b>100%</b>	<b>1,87,68,000</b>





#### 10. Transfer of unclaimed/unpaid amounts of Dividend to Investor Education and Protection Fund

Pursuant to Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund Rules, 2016 ("IEPF Rules"), dividends, if not claimed for a consecutive period of 7 years from the date of transfer of Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

Further, shares in respect of such dividend which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of IEPF Authority.

In this regard the company have sent periodical reminders by sending notice individually and also by publishing in the newspapers. The list of unclaimed dividend and shareholders whose shares are liable to be transferred were also placed on the website of the Company in the interest of the shareholders, in order to avoid transfer of dividend/Shares to IEPF Authority.

In light of the aforesaid provisions, the Company has during the year, transferred to IEPF the unclaimed dividends outstanding for 7 consecutive years, of the Company. Further shares of the Company in respect of which dividend has not been claimed for 7 consecutive years or more, have also been transferred to the demat account of IEPF Authority.

The details of unclaimed dividend transferred to IEPF during the year 2017-18 are as follows:

Type of Dividend	Date of Declaration of Dividend	Date of transfer to IEPF	Amount transferred to IEPF
Final Dividend	September 27, 2010	November 27, 2017	Rs. 117747.00
Interim Dividend	March 14, 2011	May 14, 2018	Rs. 70371.00

The proposed date for the transfer of unclaimed final dividend by the Company for the year 2010-11 to IEPF is 02nd November, 2018

The details of Shares transferred to IEPF during the year 2017-18 are as follows:

Financial Year	Date of Transfer of Shares to IEPF	No of Shares transferred
2008-09	November 28, 2017	10420
2009-2010	March 27, 2018	821

The members who have a claim on the above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and send a physical copy of the same to the Company along with requisite documents enumerated in the Form No. IEPF- 5. No claim shall lie against the Company in respect of the dividend/shares so transferred.

#### 11. (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, 2018 is given hereunder:

Particulars	As on March 31, 2018	
	No. of Shares	%age (%)
<b>No. of Shares dematerialized</b>		
- NSDL	16009968	85.30
- CDSL	2654603	14.14
No. of shares in physical form	103429	0.55
<b>Total</b>	<b>18,768,000</b>	<b>100.00</b>

All the Shareholders holding shares in Physical form are requested to dematerialize their securities before December 05, 2018 otherwise request for transfer of shares held in physical form will not be processed w.e.f. December 05, 2018 as per SEBI Circular No. SEBI/HO/MIRSD/DOP1/ CIR/P/2018/73 dated April 20, 2018. All requirements to comply with the above are placed on the website of the Company along with the process of Dematerialization.

The Link of the same is provided below:

<http://www.thehitechgears.com>

#### (b) Liquidity

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

#### 12. 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.



### 13. 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

### 14. Address for correspondence

- a. Transfer/dematerialization of shares : **MAS Services Limited**  
and any other queries relating to Shares  
(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@thehitechgears.com](mailto:secretarial@thehitechgears.com)

### 15. 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 SEBI listing Obligations and Disclosure Requirement Regulations 2015, a confirmation from the Managing Director and CEO regarding compliance with the Code of Conduct by all the Directors and Senior Management is given along with this report.

### 16. 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 21, 2018. A copy of the same certificate is given along with this report.

### 17. 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.

### 18. 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 2017-2018

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

Place : New Delhi  
Dated : August 03, 2018

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 2017-18**

- (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 2017-18 and that to the best of our knowledge and belief:
- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee, wherever applicable, the following:
- i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

#### **For The Hi-Tech Gears Limited**

**Vijay Mathur**  
Chief Financial Officer

**Pranav Kapuria**  
Chief Executive Officer

**Place : New Delhi**  
**Date : May 21, 2018**

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

To

The Members of  
The Hi-Tech Gears Limited

We have examined the compliance of the conditions of Corporate Governance by The Hi-Tech Gears Limited ('the Company'), for the year ended on March 31, 2018, as stipulated in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with the Stock Exchanges.

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 Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with Stock Exchanges.

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 O.P Dadu & Co.**  
**Chartered Accountants**  
**Firm Regn. No. 001201N**

**CA Amit Gupta**  
**Partner**  
**Membership No. 094202**

**Place : New Delhi**  
**Date : May 21, 2018**

### **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 2017-18.

**For The Hi-Tech Gears Limited**

**Place : New Delhi**  
**Date : May 21, 2018**

**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) – 265000/265050  
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-122009  
Tel No: (0124) – 4715100, Fax No: (0124) – 2806085  
Email: [secretarial@thehitechgears.com](mailto:secretarial@thehitechgears.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 2017-18

The Board of Directors in their meeting held on February 02, 2018 have approved an interim dividend of Rs. 1.50/- (Rupee One and Paisa Fifty only) per equity shares of Rs. 10/- (Rupees Ten only) each on the paid up Share Capital of the Company. The same was paid within stipulated time period.

### 32nd Annual General Meeting

Date & Time : Saturday the 29th day of September, 2018 at 11.00 A.M.  
Venue : A-589, Industrial Complex, Bhiwadi - 301019, District Alwar, (Rajasthan).

### Book Closure Dates

September 23, 2018 to September 29, 2018 (both days inclusive)

### Cut-off date for e-voting

September 22, 2018

### E-Voting

The voting period begins on 26 September, 2018 at 9:00 a.m. and ends on 28 September, 2018 at 5:00 p.m.

### EVEN (Electronic Voting Event Number)

EVEN of The Hi-Tech Gears Limited is 109032

### Final Dividend

The Board of Directors in their meeting held on May 21, 2018 have recommended final dividend of Rs. 2 per equity share (@ 20%) 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 shareholders whose name appears on the Register of members as on September 29, 2018. In respect of the shares held in electronic form, to those members whose names appear in the statements of beneficial ownership furnished by Depositories (NSDL/CDSL) as at the end of business hours on September 22, 2018.

### 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, 2018

### 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

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **The Hi-Tech Gears Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS 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 of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit & loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the companies (Indian accounting Standards) Rule 2015, as amended.

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 standalone Ind AS 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 Ind AS 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 there under.

We conducted our audit of the standalone Ind AS financial statements 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2018 and its Profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of above matter.

### 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 section 143(11) of the Act, we give in the **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the said Order.
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 purpose 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 including other comprehensive income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rules – 7 of the Companies (Accounts) Rules 2014.
- (e) On the basis of written representations received from the directors, as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 Ind AS financial statements- Refer Note 39A(2) to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amount, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For O.P Dadu & Co.**  
**Chartered Accountants**  
**Firm Regn. No. 001201N**

**CA Amit Gupta**  
**Partner**  
**Membership No. 094202**

**Place : New Delhi**  
**Date : May 21, 2018**

## 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 March 31, 2018, we report that:

- (I) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation 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) On the basis of information and explanation provided by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to information and explanation given to us inventories have been physically verified by the management during the year except for stock-in-transit. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on physical verification of inventories by the management.
- (iii) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of paragraphs 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not entered into any transaction covered under Sections 185 of the Act. The company has complied with the provisions of Sections 186 of the Act in respect of investments made. The Company

has not granted any loans, and has not provided any guarantees or securities to parties covered under Section 186 of the Act.

- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under subsection (I) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, duty of excise, duty of customs, goods and service tax, cess and other applicable statutory dues with the appropriate authorities.
- There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, duty of excise, duty of customs, goods and service tax, cess and other applicable statutory dues in arrears as at March 31 2018 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 income tax, sales tax, value added tax, service tax, goods and service tax, duty of customs, duty of excise which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned as under:

Name of the Statute	Nature of Dues	Period to which the amount relates	Amount (Rs. in lakh)	Forum Where Dispute is Pending
Income Tax Act, 1961	Income Tax	A.Y. 2008-09	2.56	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax	A.Y. 2012-13	3.53	Commissioner of Income Tax (Appeals), Delhi
Income Tax Act, 1961	Income Tax	A.Y. 2010-11	25.40	Income Tax Appellate Tribunal, Delhi



- (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 bank 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) The Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to Act.
- (xii) The Company is not a nidhi Company. Accordingly, paragraph 3(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 section 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.

- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

**For O.P Dadu & Co.  
Chartered Accountants  
Firm Regn. No. 001201N**

**Place : New Delhi  
Date : May 21, 2018**

**CA Amit Gupta  
Partner  
Membership No. 094202**

## **Annexure 'B' To the Independent Auditors' Report**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of the Company)

### **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") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS 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, to the best of our information and according to the explanations given to us, 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 March 31, 2018, 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 O.P Dadu & Co.**  
**Chartered Accountants**  
**Firm Regn. No. 001201N**

**CA Amit Gupta**  
**Partner**  
**Membership No. 094202**

**Place : New Delhi**  
**Date : May 21, 2018**





# THE HI-TECH GEARS LIMITED

Standalone Balance Sheet as at 31 March 2018

(₹ in lakhs)

Particulars	Note	31 March 2018	31 March 2017	1 April 2016
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	16,780.86	17,011.94	17,996.14
Capital work-in-progress	6	211.38	281.07	252.58
Intangible assets	7	152.43	39.71	41.48
Financial assets				
Investments	8	15,357.15	10,151.29	10.18
Loans	9 A	179.29	161.17	179.63
Other financial assets	10 A	1.40	8.72	56.35
Other non-current assets	11 A	402.95	111.61	133.20
<b>Total non-current assets</b>		<b>33,085.46</b>	<b>27,765.51</b>	<b>18,669.56</b>
<b>Current assets</b>				
Inventories	12	4,570.56	3,470.70	3,212.75
Financial assets				
Trade receivables	13	9,970.75	7,301.67	7,023.20
Cash and cash equivalents	14	752.03	683.47	1,412.09
Other bank balances	15	1,658.46	720.28	172.21
Loans	9 B	73.28	66.63	83.15
Other financial assets	10 B	704.24	761.48	505.25
Current tax assets (net)	16	211.25	293.35	269.94
Other current assets	11 B	1,049.10	1,060.55	1,320.29
<b>Total current assets</b>		<b>18,989.67</b>	<b>14,358.13</b>	<b>13,998.88</b>
<b>Total assets</b>		<b>52,075.13</b>	<b>42,123.64</b>	<b>32,668.44</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	17	1,876.80	1,876.80	1,876.80
Other equity	18	22,166.83	19,567.32	18,063.42
<b>Total equity</b>		<b>24,043.63</b>	<b>21,444.12</b>	<b>19,940.22</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	19 A	12,224.19	7,200.97	28.09
Provisions	20 A	334.30	338.80	318.69
Deferred tax liabilities (net)	21	33.24	185.73	191.56
Other non-current liabilities	22 A	367.41	441.24	600.66
<b>Total non-current liabilities</b>		<b>12,959.14</b>	<b>8,166.74</b>	<b>1,139.00</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	19 B	5,687.00	5,138.76	4,113.32
Trade payables	23	5,538.83	3,751.17	3,858.87
Other financial liabilities	24	2,609.77	2,377.55	2,318.02
Provisions	20 B	344.51	315.02	310.60
Current tax liabilities (net)	25	-	-	95.22
Other current liabilities	22 B	892.25	930.28	893.19
<b>Total current liabilities</b>		<b>15,072.36</b>	<b>12,512.78</b>	<b>11,589.22</b>
<b>Total equity and liabilities</b>		<b>52,075.13</b>	<b>42,123.64</b>	<b>32,668.44</b>

Summary of significant accounting policies and accompanying notes form an integral part of these financial statements.

This is the balance sheet referred to in our report of even date.

**For O.P. Dadu & Co.**  
Chartered Accountants  
Firm Registration No. 001201N

**CA. Amit Gupta**  
Partner  
Membership No. 094202

Place : New Delhi  
Date : 21 May 2018

**Deep Kapuria**  
Executive Chairman  
DIN 00006185

**Vijay Mathur**  
Chief Financial Officer

**For and on behalf of**  
**The Hi-Tech Gears Limited**

**Pranav Kapuria**  
Managing Director  
DIN 00006195

**S. K. Khatri**  
Company Secretary

# THE HI-TECH GEARS LIMITED

Standalone statement of profit and loss for the year ended 31 March 2018 (₹ in lakhs)

Particulars	Note No.	March 31, 2018	March 31, 2017
<b>Revenue</b>			
Revenue from operations	26	53,838.17	49,192.72
Other income	27	1,318.89	591.11
<b>Total revenue</b>		<b>55,157.06</b>	<b>49,783.83</b>
<b>Expenses</b>			
Cost of materials consumed	28	25,370.86	21,413.46
Purchase of traded goods	29	3,122.83	2,072.85
Changes in inventories of finished goods and work-in-progress	30	(450.53)	(133.39)
Excise duty on sale of goods		1,111.65	4,362.21
Employee benefits expenses	31	7,929.08	7,244.15
Finance costs	32	905.72	294.10
Depreciation and amortisation expense	6 & 7	2,629.78	2,507.62
Other expenses	33	9,698.93	8,764.89
<b>Total expenses</b>		<b>50,318.32</b>	<b>46,525.89</b>
<b>Profit before tax</b>		<b>4,838.74</b>	<b>3,257.94</b>
Tax expense	34		
Current tax		1,800.00	1,110.64
Deferred tax		(152.50)	(5.83)
Earlier years tax adjustments (net)		-	65.56
<b>Profit for the year</b>		<b>3,191.24</b>	<b>2,087.57</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Re-measurement gain on defined benefit plans		45.90	55.93
Change in fair value of equity instrument carried at fair value through other comprehensive income		(0.54)	2.03
Income tax relating to items that will not be reclassified to profit and loss		(15.88)	(19.36)
<b>Total comprehensive income for the year</b>		<b>3,220.72</b>	<b>2,126.17</b>
<b>Earnings per equity share (₹ 10 per share)</b>	35		
Basic (₹)		17.00	11.12
Diluted (₹)		17.00	11.12

Summary of significant accounting policies and accompanying notes form an integral part of these financial statements.

This is the statement of profit or loss referred to in our report of even date.

**For O.P. Dadu & Co.**  
Chartered Accountants  
Firm Registration No. 001201N

**CA. Amit Gupta**  
Partner  
Membership No. 094202

Place : New Delhi  
Date : 21 May 2018

**Deep Kapuria**  
Executive Chairman  
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**Vijay Mathur**  
Chief Financial Officer

**For and on behalf of**  
**The Hi-Tech Gears Limited**

**Pranav Kapuria**  
Managing Director  
DIN 00006195

**S. K. Khatri**  
Company Secretary



## THE HI-TECH GEARS LIMITED

### Standalone statement of changes in equity as at 31 March 2018

#### A Equity share capital\*

(₹ in lakhs)

Particulars	Opening balance as at 1 April 2016	Changes in equity share capital during the year	Balance as at 31 March 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
Equity share capital	1,876.80	-	1,876.80	-	1,876.80

#### B Other equity\*\*

(₹ in lakhs)

Particulars	Reserves and surplus		Other reserves	Total
	General Reserve	Retained earnings	FVOCI - equity investments	
<b>Balance as at 1 April 2016</b>	<b>2,980.77</b>	<b>15,079.30</b>	<b>3.35</b>	<b>18,063.42</b>
Profit for the period	-	2,087.57	-	2,087.57
Other comprehensive income for the year (net of tax impact)	-	36.57	2.03	38.60
Dividend paid during the year including tax impact, refer note no. 40	-	(622.27)	-	(622.27)
Transferred to General Reserve	100.00	(100.00)	-	-
<b>Balance as at 31 March 2017</b>	<b>3,080.77</b>	<b>16,481.17</b>	<b>5.38</b>	<b>19,567.32</b>
Profit for the period		3,191.24		3,191.24
Other comprehensive income for the year (net of tax impact)		30.01	(0.54)	29.47
Dividend paid during the year including tax impact, refer note no. 40	-	(621.20)	-	(621.20)
<b>Balance as at 31 March 2018</b>	<b>3,080.77</b>	<b>19,081.22</b>	<b>4.84</b>	<b>22,166.83</b>

\*Refer note 17 for details

\*\*Refer note 18 for details

Summary of significant accounting policies and accompanying notes form an integral part of these financial statements. This is the statement of change in equity referred to in our report of even date.

**For O.P. Dadu & Co.**  
Chartered Accountants  
Firm Registration No. 001201N

**CA. Amit Gupta**  
Partner  
Membership No. 094202

Place : New Delhi  
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**Pranav Kapuria**  
Managing Director  
DIN 00006195

**S. K. Khatri**  
Company Secretary

# THE HI-TECH GEARS LIMITED

Standalone cash flow statement for the year ended 31 March 2018

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>A Cash flow from operating activities</b>		
Profit before tax	4,838.74	3,257.94
<b>Adjustments for:</b>		
Depreciation and amortisation expense	2,629.78	2,507.62
Gain on disposal of property, plant and equipment (net)	(36.47)	(28.73)
Interest income classified as investing cash flows	(50.92)	(143.66)
Income recognised on account of government assistance	(150.76)	(159.42)
Dividend income classified as investing cash flows	(0.05)	(0.11)
Provisions written back - trade receivables	(610.39)	(88.50)
Provision for doubtful debts	22.80	5.67
Unrealised foreign exchange loss	1.70	62.77
Unrealised profit on mark to market of forward contracts	(2.97)	(41.98)
Finance cost	880.68	79.28
<b>Operating profit before working capital changes</b>	<b>7,522.14</b>	<b>5,450.88</b>
<b>Movement in working capital</b>		
(Increase) in inventories	(1,099.87)	(257.95)
Decrease/(increase) in other financial assets	60.21	(214.25)
(Increase) in trade receivables	(2,681.03)	(352.30)
Decrease/(increase) in other non-current assets	2.29	(11.87)
Decrease in other current assets	11.45	259.74
(Decrease)/increase in other financial liability	(36.87)	58.09
(Decrease)/increase in other current liability	(38.03)	45.28
Increase in provision	665.40	149.60
Increase in other non-current liabilities	76.93	-
Increase/(decrease) in trade and other payables	1,783.58	(109.55)
<b>Cash flow from operating activities post working capital changes</b>	<b>6,266.20</b>	<b>5,017.67</b>
Income tax paid (net)	(1,717.90)	(1,294.84)
<b>Net cash flow from operating activities (A)</b>	<b>4,548.30</b>	<b>3,722.83</b>
<b>B Cash flows from investing activities</b>		
Payment for acquisition of subsidiary, net of cash acquired	(5,206.40)	(10,139.08)
Payments for property, plant and equipment and capital work-in-progress	(2,782.18)	(1,629.84)
Proceeds from sale of property, plant and equipment	83.30	141.88
Payment for margin money and bank deposits	(918.22)	(528.87)
(Proceed)/repayment loans and advances	(33.26)	34.03
Interest received	38.29	172.09
Dividend received	0.05	0.11
<b>Net cash used in investing activities (B)</b>	<b>(8,818.42)</b>	<b>(11,949.68)</b>
<b>C Cash flows from financing activities*</b>		
Finance cost paid	(739.19)	(90.37)
Proceeds from borrowings	5,713.80	8,224.16
Repayment of borrowings	(14.73)	(13.29)
Dividends paid (including tax)	(621.20)	(622.27)
<b>Net cash flow from financing activities (C)</b>	<b>4,338.68</b>	<b>7,498.23</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	68.56	(728.62)
Cash and cash equivalents at the beginning of the year	683.47	1,412.09
<b>Cash and cash equivalents at the end of the year</b>	<b>752.03</b>	<b>683.47</b>

\*Refer note 19 for reconciliation of liabilities arising from financing activities

**Note: The above cash flow statement has been prepared under the "Indirect method" as set out in the Indian Accounting Standard (IND AS-7) statement of cash flow.**

This is the Cash Flow Statement referred to in our report of even date.

**For O.P. Dadu & Co.**  
Chartered Accountants  
Firm Registration No. 001201N

CA. Amit Gupta  
Partner  
Membership No. 094202  
Place : New Delhi  
Date : 21 May 2018

Deep Kapuria  
Executive Chairman  
DIN 00006185  
  
Vijay Mathur  
Chief Financial Officer

**For and on behalf of**  
**The Hi-Tech Gears Limited**

Pranav Kapuria  
Managing Director  
DIN 00006195  
  
S. K. Khatri  
Company Secretary





## Notes to the standalone financial statements for the year ended 31 March 2018

### 1. Nature of operations

The Hi Tech Gears Limited ('the Company') is an auto component manufacturer (a Tier 1 supplier). The Company is domiciled in India and its corporate office is situated at 14th Floor, Tower-B, Millennium Plaza, Sushant Lok-I, Sector-27, Gurgaon-122002, Haryana, India.

### 2. General information and compliance with Ind AS

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for the periods presented.

The financial statements for the year ended 31 March 2018 are the first financial statements which the Company has prepared in accordance with Ind AS. For all periods up to and including the year ended 31 March 2017, the Company had prepared its financial statements in accordance with accounting standards notified under section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), which have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS. For the purpose of comparatives, financial statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016 are also prepared and presented as per IndAS.

The financial statements for the year ended 31 March 2018 along with the comparative financial information were authorized and approved for issue by the Board of Directors on 21 May 2018. The revisions to the financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

### 3. Basis of preparation

The financial statements have been prepared on going concern basis in accordance with generally accepted accounting principles in India. Further, the financial statements have been prepared on a historical cost basis except for following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefits (assets)/liability	Fair value of plan assets less present value of defined benefits obligations.

### 4. Recent accounting pronouncement

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting

Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 12, 'Income taxes', Ind AS 21, 'The effects of changes in foreign exchange rates and also introduced new revenue recognition standard Ind AS 115 'Revenue from contracts with customers'. These amendments rules are applicable to the Company from 1 April 2018.

### Ind AS 115 'Revenue from Contracts with Customers' (Ind AS 115)

Ministry of Corporate Affairs ('MCA') has notified new standard for revenue recognition which overhauls the existing revenue recognition guidance and supersedes Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:

1. Identification of the contracts with the customer
2. Identification of the performance obligations in the contract
3. Determination of the transaction price
4. Allocation of transaction price to the performance obligations in the contract (as identified in step ii)
5. Recognition of revenue when performance obligation is satisfied.

The management is yet to assess the impact of this new standard on the Company's financial statements.

### Amendment to Ind AS 12

The amendment to Ind AS 12 requires the entities to consider restriction in tax laws in sources of taxable profit against which entity may make deductions on reversal of deductible temporary difference (may or may not have arisen from same source) and also consider probable future taxable profit. The Company is evaluating the requirements of the amendment and its impact on the financial statements.

### Amendment to Ind AS 21

The amendment to Ind AS 21 requires the entities to consider exchange rate on the date of initial recognition of advance consideration (asset/liability), for recognising related expense/income on the settlement of said asset/liability. The Company is evaluating the requirements of the amendment and its impact on the financial statements.

### 5. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain exemptions upon transition to Ind AS, as summarised in note 47.

### 5.1 Current versus non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Companies Act, 2013.

### 5.2 Property, plant and equipment (PPE)

#### *Recognition and initial measurement*

Properties plant and equipment are stated at their cost of acquisition. Any trade discount and rebates are deducted in arriving at the purchase price. Property, plant and equipment purchased on deferred payment basis are recorded at equivalent cash price. The difference between the cash price equivalent and the amount payable is recognised as interest expense over the deferred payment period.

Spares having useful life of more than one year and having material value in each case, are capitalised under the respective heads as and when available for use.

#### *Subsequent measurement (depreciation and useful lives)*

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. 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. Depreciation on rest of the property, plant and equipment 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.

#### *De-recognition*

An item of property, plant and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset/significant component (calculated as the difference between the net disposal proceeds and the carrying amount of the asset/significant component) is recognised in statement of profit and loss, when the asset is derecognised.

### 5.3 Intangible assets

#### *Recognition and initial measurement*

Intangible assets are stated at their cost of acquisition. Any trade discount and rebates are deducted in arriving at the purchase price.

#### *Subsequent measurement (amortisation)*

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

### 5.4 Inventories

Inventories are valued as follows:

#### *Raw materials, loose tools and stores and spares*

Raw materials, loose tools and stores and spares are valued at lower of cost and net realizable value. Cost of raw materials, loose tools and stores and spares is determined on a FIFO(First in first out) basis.

#### *Work-in-progress and finished goods*

Work-in-progress and finished goods is measured at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

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

### 5.5 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of rebate and taxes. The Company applies the revenue recognition criteria to each separately identifiable component of the revenue transaction as set out below.

#### *Sale of goods*

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes, value added taxes ('VAT') and Goods and Service Tax ('GST') on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

#### *Export benefits*

Export benefits constituting Duty Draw back and Export Promotion Capital Goods scheme (EPCG) are accounted for on accrual basis when there is reasonable assurance that the company will comply with the conditions attached to them and the export benefits will be received. Export benefits under Duty Draw back scheme and EPCG are considered as other operating income.

#### *Interest*

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

### 5.6 Borrowing costs

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.

## 5.7 Leases

### *Company as a lessee*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalized.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost.

## 5.8 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount. The carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

## 5.9 Foreign currency

### *Functional and presentation currency*

The financial statements are presented in Indian

Rupee ('₹') which is also the functional and presentation currency of the Company.

### *Initial recognition*

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

### *Conversion*

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

### *Exchange difference*

Exchange differences arising on settlement of transactions are recognized as income or expense in the year in which they arise. However, the Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will continue in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2017. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

## 5.10 Financial instruments

### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

### **Non-derivative financial assets**

#### *Subsequent measurement*

i. **Financial assets carried at amortised cost** – A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.



ii. **Investments in equity instruments of subsidiary**– Investments in equity instruments of subsidiary are accounted for at cost in accordance with Ind AS 27 Separate Financial Statements.

iii. **Investments in other equity instruments** – Investments in equity instruments which are held for trading are classified at Fair Value Through Profit or Loss (FVTPL). For all other equity instruments, the Company makes an irrevocable choice upon initial recognition, on an instrument by instrument basis, to classify the same either as at Fair Value through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVTPL). Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. However, the Company transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

#### *De-recognition of financial assets*

A financial asset is primarily de-recognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

#### **Non-derivative financial liabilities**

##### *Subsequent measurement*

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

##### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### **Forward contracts**

The Company has entered into certain forward (derivative) contracts to hedge risks which are not designated as hedges. These derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Any profit or loss arising on cancellation or renewal of such derivative contract is recognised as income or as expense in statement of profit and loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there

is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **5.11 Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. The Company assesses on forward looking basis the expected credit losses associated with its assets and impairment methodology applied depends on whether there has been a significant increase in credit risk.

##### *Trade receivables*

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

##### *Other financial assets*

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort.

#### **5.12 Income taxes**

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for





significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity).

#### **5.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, balance with banks in current in current accounts and other short term highly liquid investments with original maturity of three months and less.

#### **5.14 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 Property, plant and equipment.

#### **5.15 Employee benefits**

##### *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.

##### *Defined Contribution Plan*

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. 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.

##### *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 gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

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 Company 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.

##### *Other long-term employee benefits*

Liability in respect of leave encashment becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of discounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of leave encashment becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

#### **5.16 Provisions**

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Provisions are discounted to their present values, where the time value of money is material.

#### **5.17 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

## 5.18 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.

## 5.19 Significant management judgement and estimates

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses

### *Significant management judgements*

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

**Identification and Classification of leases-** The Company enters into take or pay arrangements and leasing arrangements for use of various assets. The identification of arrangement as a lease and subsequent classification of leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Contingent liabilities** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

### *Significant estimates*

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

**Government grants** – Grants receivables are based on estimates for utilisation of grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted prospectively over the balance life of asset.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

**Provisions** – estimate for provisions recognised is based on management best estimate of the expenditure required to settle the present obligation at the year end and is based on historical experience, expected changes in economic conditions, changes in exchange rates.

**Fair value measurements**– Management applies valuation techniques to determine the fair value of financial instruments such as derivatives. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Note - 6**  
**Property, plant and equipment**

(₹ in lakhs)

Particulars	Freehold land	Leasehold land	Residential flats	Building	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total	Capital work in progress
<b>Gross block</b>										
At 1 April 2016	3,866.13	185.92	57.55	4,026.12	30,430.45	271.05	587.49	475.03	39,899.74	252.58
Additions	262.08	-	-	-	1,323.11	5.26	42.48	-	1,632.93	281.07
Disposals	-	-	-	-	(272.63)	-	(0.74)	(92.03)	(365.40)	(252.58)
<b>Balance as at 31 March 2017</b>	<b>4,128.21</b>	<b>185.92</b>	<b>57.55</b>	<b>4,026.12</b>	<b>31,480.93</b>	<b>276.31</b>	<b>629.23</b>	<b>383.00</b>	<b>41,167.27</b>	<b>281.07</b>
Additions	-	-	-	-	2,258.83	2.52	117.45	-	2,378.80	217.68
Disposals	-	-	-	-	(434.46)	-	-	(0.27)	(434.73)	(287.37)
<b>Balance as at 31 March 2018</b>	<b>4,128.21</b>	<b>185.92</b>	<b>57.55</b>	<b>4,026.12</b>	<b>33,305.30</b>	<b>278.83</b>	<b>746.68</b>	<b>382.73</b>	<b>43,111.34</b>	<b>211.38</b>
<b>Accumulated depreciation</b>										
At 1 April 2016	-	5.13	15.50	951.88	19,794.52	231.44	537.93	367.20	21,903.60	-
Charge for the year	-	2.56	0.90	119.06	2,311.27	10.68	26.75	32.75	2,503.97	-
Adjustments for disposals	-	-	-	-	(164.12)	-	(0.70)	(87.42)	(252.24)	-
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>7.69</b>	<b>16.40</b>	<b>1,070.94</b>	<b>21,941.67</b>	<b>242.12</b>	<b>563.98</b>	<b>312.53</b>	<b>24,155.33</b>	<b>-</b>
Charge for the year	-	1.80	0.90	122.30	2,338.56	7.25	71.10	21.14	2,563.05	-
Adjustments for disposals	-	-	-	-	(387.65)	-	-	(0.25)	(387.90)	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>9.49</b>	<b>17.30</b>	<b>1,193.24</b>	<b>23,892.58</b>	<b>249.37</b>	<b>635.08</b>	<b>333.42</b>	<b>26,330.48</b>	<b>-</b>
<b>Net block as at 1 April 2016*</b>	<b>3,866.13</b>	<b>180.79</b>	<b>42.05</b>	<b>3,074.24</b>	<b>10,635.93</b>	<b>39.61</b>	<b>49.56</b>	<b>107.83</b>	<b>17,996.14</b>	<b>252.58</b>
<b>Net block as at 31 March 2017</b>	<b>4,128.21</b>	<b>178.23</b>	<b>41.15</b>	<b>2,955.18</b>	<b>9,539.26</b>	<b>34.19</b>	<b>65.25</b>	<b>70.47</b>	<b>17,011.94</b>	<b>281.07</b>
<b>Net block as at 31 March 2018</b>	<b>4,128.21</b>	<b>176.43</b>	<b>40.25</b>	<b>2,832.88</b>	<b>9,412.72</b>	<b>29.46</b>	<b>111.60</b>	<b>49.31</b>	<b>16,780.86</b>	<b>211.38</b>

\* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.



**Note - 7**  
**Intangible assets**

(₹ in lakhs)

Particulars	Softwares	Total
<b>Gross block</b>		
At 1 April 2016	777.58	777.58
Additions	1.87	1.87
Disposals	-	-
<b>Balance as at 31 March 2017</b>	<b>779.45</b>	<b>779.45</b>
Additions	179.44	179.44
<b>Balance as at 31 March 2018</b>	<b>958.89</b>	<b>958.89</b>
<b>Accumulated amortisation</b>		
At 1 April 2016	736.10	736.10
Charge for the year	3.64	3.64
Impairment charge	-	-
<b>Balance as at 31 March 2017</b>	<b>739.74</b>	<b>739.74</b>
Charge for the year	66.72	66.72
Impairment charge	-	-
<b>Balance as at 31 March 2018</b>	<b>806.46</b>	<b>806.46</b>
<b>Net block as at 1 April 2016*</b>	<b>41.48</b>	<b>41.48</b>
<b>Net block as at 31 March 2017</b>	<b>39.71</b>	<b>39.71</b>
<b>Net block as at 31 March 2018</b>	<b>152.43</b>	<b>152.43</b>

\* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated amortisation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

**Note - 8**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Investments - non-current</b>			
<b>Equity instruments</b>			
<b>Investment in subsidiary companies (unquoted)</b>			
2545887 Ontario Inc., Canada*			
29,864,225 common shares of CAD \$1 each (10,032,225 common shares acquired on 1 March 2018, previous year 31 March 2017 and 1 April 2016: 19,832,000 common shares and nil) fully paid up.	15,345.47	10,139.07	-
Neo-Tech Auto System, Inc., USA**			
1,000,000 common shares of USD \$0.01 each (1,000,000 common shares acquired on 21st September 2017, previous year 31 March 2017 and 1 April 2016 application money paid for 1,000,000 shares) fully paid up.	6.43	6.43	6.43
<b>Other investment (quoted, at market value)***</b>			
2100 Equity shares of ₹ 10/- each fully paid up of State Bank of India (previous year 31 March 2017 and 1 April 2016: 750 Equity shares of ₹ 10/- each fully paid up of State Bank of Bikaner and Jaipur).	5.25	5.79	3.75
	<b>15,357.15</b>	<b>10,151.29</b>	<b>10.18</b>
Aggregate amount of quoted investments	0.41	0.41	0.41
Aggregate market value of quoted investments	5.25	5.79	3.75
Aggregate amount of unquoted investments	15,351.90	10,145.50	6.43
Aggregate value of impairment in the value of investments	-	-	-





Particulars	Principal place of business	Ownership interests	Accounted on
2545887 Ontario Inc Neo-Tech Auto System, Inc.	Canada USA	100% 100%	As per provision of Ind AS 27 'Separate Financial Statements'

\*During previous 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 01 March 2017. Both "250" and "Teutech" have some existing Subsidiary Companies in Canada and USA respectively. Pursuant to the provisions of the Companies Act, 2013, all such Companies have become the step down subsidiary companies of the Company.

\*\*Amount showing investment made in Neo- Tech Auto System, Inc., USA of \$ 10,000, for which allotment has been made on 21 September 2017.

\*\*\*During the year 750 Equity shares of State Bank of Bikaner and Jaipur has been converted into 2100 Equity shares of State bank of India.

#### Note - 9

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Loans - non current (Unsecured, considered good)</b>			
Security deposits	166.44	146.11	163.66
Loans to employees	12.85	15.06	15.97
	<b>179.29</b>	<b>161.17</b>	<b>179.63</b>
<b>B Loans - current (Unsecured, considered good)</b>			
Security deposits	34.63	27.33	37.89
Loans to employees	38.65	39.30	45.26
	<b>73.28</b>	<b>66.63</b>	<b>83.15</b>

#### Note - 10

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Other financial assets - non current (Unsecured, considered good)</b>			
Balance held as margin money (against letter of credit and bank guarantees)*	1.40	8.72	56.35
	<b>1.40</b>	<b>8.72</b>	<b>56.35</b>
*Margin money deposits having original maturity of more than 12 months.			
<b>B Other financial assets - current (Unsecured, considered good)</b>			
Earnest money deposit	0.40	0.40	0.40
Derivative assets	2.96	87.77	-
Amount receivable*	700.88	673.31	504.85
	<b>704.24</b>	<b>761.48</b>	<b>505.25</b>

\*It includes amount receivable from customers for new product development like making, changing in nature of specific components on demand of customers, insurance claim receivable, provision for rate revision in case of steel cost.

#### Note - 11

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Other non-current assets (Unsecured, considered good)</b>			
Capital advance*	386.18	92.56	126.02
Prepaid expenses	16.77	19.05	7.18
	<b>402.95</b>	<b>111.61</b>	<b>133.20</b>

\*For capital commitments refer Note - 39

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>B Other current assets (Unsecured, considered good)</b>			
Advances to suppliers	201.77	111.29	334.31
Prepaid expenses	155.84	172.68	127.12
Balance with government authorities	691.49	776.58	858.86
	<b>1,049.10</b>	<b>1,060.55</b>	<b>1,320.29</b>

**Note - 12**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Inventories (Lower of cost or net realisable value)</b>			
Finished goods in transit	481.08	408.62	396.22
Raw materials and components	1,047.84	420.81	364.54
Stores and spares	1,366.06	1,350.27	1,281.98
Work-in-progress	1,669.07	1,291.00	1,170.01
Scrap (At realisable value)	6.51	-	-
	<b>4,570.56</b>	<b>3,470.70</b>	<b>3,212.75</b>

**Note - 13**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Trade receivables* (Unsecured)</b>			
Considered good	10,041.42	7,349.54	7,110.43
Considered doubtful	40.64	43.61	151.20
Less: Impairment allowance (allowance for bad and doubtful debts)			
Considered good	(70.67)	(47.87)	(87.23)
Considered doubtful	(40.64)	(43.61)	(151.20)
	<b>9,970.75</b>	<b>7,301.67</b>	<b>7,023.20</b>

\*for related party balances refer note 37

**Note - 14**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Cash and cash equivalents</b>			
Cash on hand	7.07	10.21	11.39
Balances with banks			
In current accounts	744.96	673.26	900.70
Bank deposits with original maturity less than three months	-	-	500.00
	<b>752.03</b>	<b>683.47</b>	<b>1,412.09</b>

**Note - 15**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Other bank balances</b>			
Margin money	91.96	101.53	160.20
Standard Chartered Bank - DSRA a/c*	637.00	500.00	-
Bank deposits with maturity of more than three months and upto twelve months	916.72	105.74	-
Unpaid dividend	12.78	13.01	12.01
	<b>1,658.46</b>	<b>720.28</b>	<b>172.21</b>

\*Includes balance lying in Debt Service Reserve Account (DSRA) a/c, which is charged to lender pursuant to the facility agreement (refer note 19 borrowings current for details)


**Note - 16**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Current tax assets (net)</b>			
Advance income tax	3,157.13	1,423.35	269.94
Less: Provision for taxation	(2,945.88)	(1,130.00)	-
	<b>211.25</b>	<b>293.35</b>	<b>269.94</b>

**Note - 17**

(₹ in lakhs)

Equity share capital	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
<b>i Authorised</b> 20,000,000 Equity shares of ₹ 10/- each with voting rights	20000000	2,000.00	20000000	2,000.00	20000000	2,000.00
		<b>2,000.00</b>		<b>2,000.00</b>		<b>2,000.00</b>
<b>ii Issued, subscribed and fully paid up</b> Equity share capital of face value of ₹ 10 each	18768000	1,876.80	18768000	1,876.80	18768000	1,876.80
		<b>1,876.80</b>		<b>1,876.80</b>		<b>1,876.80</b>
<b>iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year</b> <b>Equity shares</b> Balance at the beginning of the year	18768000	1,876.80	18768000	1,876.80	18768000	1,876.80
Add : Shares issued during the year	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>18768000</b>	<b>1,876.80</b>	<b>18768000</b>	<b>1,876.80</b>	<b>18768000</b>	<b>1,876.80</b>

**iv Rights, preferences and restrictions attached to equity shares**

The Company has one class of equity shares with paid up value of ₹ 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 and 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.

**v Details of shareholder holding more than 5% share capital**

Name of the equity shareholders	31 March 2018		31 March 2017		1 April 2016	
	Number	%	Number	%	Number	%
Vulcan Electro Controls Limited	1082000	5.77%	1082000	5.77%	1082000	5.77%
Olympus Electrical Industries Private Limited	1745200	9.30%	1745200	9.30%	1745200	9.30%
Hi-Tech Portfolio Investments Limited	1971876	10.51%	1971876	10.51%	1971876	10.51%
Mr. Deep Kapuria	3117461	16.61%	3117461	16.61%	3117461	16.61%

**vi Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, by way of bonus shares and shares bought back for the period of 5 years immediately preceding the balance sheet date**

The Company has not issued any shares pursuant to contract(s) without payment being received in cash.

No bonus shares have been issued in preceding 5 years.

The Company has not undertaken any buy back of shares.

**Note - 18\***

**Other equity**

**(i) Nature and purpose of other reserves**

**General reserve**

General reserve is created out of the accumulated profits of the Company as per the provisions of Companies Act.

**Retained earnings**

All the profits made by the Company are transferred to retained earnings from statement of profit and loss.

**Other comprehensive income**

Other comprehensive income represents balance arising on account of changes in fair value of equity instruments carried at fair value through other comprehensive income and gain/(loss) booked on re-measurement of defined benefit plans.

\*Refer Part B (Other equity) of standalone statement of changes in equity as at 31 March 2018.

**Note - 19**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Borrowings non-current</b>			
<b>Secured</b>			
Term loans			
From banks			
External commercial borrowing	12,007.89	7,187.62	-
Vehicle loan	-	13.35	28.09
From others			
Long term maturities of finance lease obligations	216.30	-	-
	<b>12,224.19</b>	<b>7,200.97</b>	<b>28.09</b>

Refer following table for terms of repayment of non-current borrowings (including current maturities thereof)

(₹ in lakhs)

Particulars	Nature of security	Terms of repayment	31 March 2018	31 March 2017	1 April 2016
<b>Secured</b>					
<b>External commercial borrowing</b>	First ranking charge by way of DSRA assets.	Quarterly repayment starts from February 2019.			
Standard Chartered Bank (USD 12,000,000) through IDBI Trusteeship Limited.	First ranking pari passu charge over the present and future movable fixed assets of the Company.	5 instalments @ 3.5% of loan amount.	8,024.40	8,018.40	-
	First ranking pari passu charge over the immovable properties situated at unit no. 24-26, Sector 7, IMT Manesar, unit no. SPL- 146 A RIICO Industrial Area, Bhiwadi with all buildings and structures and plant and machinery both present and future.	4 instalments @ 4% of loan amount. 12 instalment @ 5.5% of of loan amount.			
<b>Interest rate</b>			<b>LIBOR+ 3.29% p.a.</b>	<b>LIBOR+ 3.29% p.a.</b>	





Particulars	Nature of security	Terms of repayment	31 March 2018	31 March 2017	1 April 2016
Standard Chartered Bank External commercial borrowing (USD 7,561,789) through IDBI Trusteeship Limited.	First ranking charge by way of DSRA assets. First ranking pari passu charge over the present and future movable fixed assets of the Company. First ranking pari passu charge over the immovable properties situated at unit no. 24-26, Sector 7, IMT Manesar, unit no. SPL- 146 A RIICO Industrial Area, Bhiwadi with all buildings and structures and plant and machinery both present and future.	Quarterly repayment starts from February 2019. 5 instalments @ 3.5% of loan amount. 4 instalments @ 4% of loan amount. 12 instalment @ 5.5% of loan amount.	5,056.57  <b>LIBOR+ 3.00% p.a.</b>	-  -	-  -
<b>Vehicle loan</b> ICICI bank <b>Interest rate</b>	Hypothecation of specific car.	60 monthly equal instalments of ₹ 53,871.	5.00 <b>10.50% p.a</b>	10.62 <b>10.50% p.a</b>	15.68 <b>10.50% p.a</b>
<b>Interest rate</b>	Hypothecation of specific car.	36 monthly equal instalments of ₹ 87,461.	8.35 <b>10.30% p.a</b>	17.47 <b>10.30% p.a</b>	25.70 <b>10.30% p.a</b>
<b>Finance lease obligation</b>  <b>Interest rate</b>	Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.	Monthly instalments	246.81 <b>6.25% p.a</b>	- -	- -
Unamortised upfront fees on borrowing			(833.10)	(830.78)	-
<b>Total borrowings</b>			<b>12,508.03</b>	<b>7,215.71</b>	<b>41.38</b>
Less: Current maturity of long term loan			283.83	14.73	13.29
<b>Non current borrowings</b>			<b>12,224.19</b>	<b>7,200.97</b>	<b>28.09</b>

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>B Borrowings - current</b>			
<b>Secured</b>			
Working capital loans repayable on demand			
From banks	5,687.00	5,138.76	4,113.32
	<b>5,687.00</b>	<b>5,138.76</b>	<b>4,113.32</b>

(₹ in lakhs)

Particulars	Nature of security	Interest rate	31 March 2018	31 March 2017	1 April 2016
Citi bank, national association	First pari passu charge on present and future stocks and book debts of the Company. Second pari passu charge on present and future fixed assets of the Company Second pari passu charge by way of equitable mortgage on land and building located at A-589, Industrial Complex, Bhiwadi.	9.75% p.a. (previous year 11.25% p.a.)	2,018.82	1,054.80	1,389.73
Citi bank-packing credit	First pari passu charge on present and future stocks and book debts of the Company. Second pari passu charge on present and future fixed assets of the Company. Second pari passu charge by way of equitable mortgage on land and building located at A-589, Industrial Complex, Bhiwadi.	5.20% p.a. (previous year 6.00% p.a.)	1,200.00	1,200.00	1,200.00
Standard chartered bank-packing credit	First pari passu charge over stock and book debts of the borrower both present and future. Second pari passu charge on movable Fixed assets (excluding the assets specifically charged to other lenders) for working capital facilities. Second pari passu charge on immovable fixed assets at A-589, RIICO, Bhiwadi."	5.20% p.a. (previous years 6.00% p.a.)	900.00	1,400.00	400.00
State Bank of India-packing credit	First pari passu charge on all present and future current asset of the Company. Second pari passu charge over the present and future Fixed assets of the Company.	5.55% p.a (previous years 8.55% p.a.)	603.27	800.00	-
State Bank of India	First pari passu charge on all present and future current asset of the Company. Second pari passu charge over the present and future Fixed assets of the Company.	9.25% p.a (previous years 9.25% p.a)	905.02	274.46	679.82



(₹ in lakhs)

Particulars	Nature of security	Interest rate	31 March 2018	31 March 2017	1 April 2016
ICICI Bank Limited	First charge by way of hypothecation of the Company's entire stocks of raw materials, semi finished and finished goods, consumables stores and spares and such other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the Bank, ranking pari passu with other participating banks. Second pari passu charge on immovable fixed assets of the company by way of equitable mortgage on property situated at A-589, Industrial Complex, Bhiwadi.	9.75% p.a. (Previous years 11.31% p.a.)	59.89	0.14	1.06
Citi bank, national association, Nassau	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. Further secured by first parri passu charge on present and future stocks and book debts of the Company. Second pari passu charge on present and future fixed assets of the Company. Second pari passu charge by way of equitable mortgage on land and building located at A-589, Industrial Complex, Bhiwadi.	Libor+1.25% p.a	-	409.36	442.71
<b>Total</b>			<b>5,687.00</b>	<b>5,138.76</b>	<b>4,113.32</b>

#### Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

(₹ in lakhs)

Particulars	Long-term borrowings	Short-term borrowings	Lease obligations	Total
<b>1 April 2016</b>	<b>41.37</b>	<b>4,113.32</b>	-	<b>4,154.69</b>
<b>Cash flows:</b>				
- Repayment	(13.29)	-	-	(13.29)
- Proceeds	8,007.30	1,025.44	-	9,032.74
- Foreign exchange	11.10	-	-	11.10
<b>Non cash:</b>				
- Fair value	(830.78)	-	-	(830.78)
<b>31 March 2017</b>	<b>7,215.70</b>	<b>5,138.76</b>	-	<b>12,354.46</b>
<b>Cash flows:</b>				
- Repayment	(14.73)	(409.36)	-	(424.09)
- Proceeds	5,201.73	957.60	246.81	6,406.14
- Foreign exchange	(141.49)	-	-	(141.49)
<b>31 March 2018</b>	<b>12,261.21</b>	<b>5,687.00</b>	<b>246.81</b>	<b>18,195.02</b>

**Note - 20**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Provisions - non-current</b>			
Employees' post retirement/long-term benefits			
Compensated absences	334.30	338.80	318.69
	<b>334.30</b>	<b>338.80</b>	<b>318.69</b>

For movements in each class of provision during the financial year, refer note 42

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>B Provisions - current</b>			
Employees' post retirement/long-term benefits			
Gratuity	14.39	27.34	23.58
Compensated absences	52.17	44.85	39.71
Provision on rate difference	277.95	242.83	247.31
	<b>344.51</b>	<b>315.02</b>	<b>310.60</b>

For movements in each class of provision during the financial year, refer note 42 &amp; 44

**Note - 21**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Deferred tax liabilities (net)</b>			
Deferred tax liabilities arising on account of :			
Deferred government grant	52.17	152.70	207.88
Depreciation	407.06	506.67	584.44
Derivatives not designated as hedges	1.03	30.38	-
Deferred tax asset arising on account of :			
Employee benefits:			
Provision for leave encashment	(133.75)	(132.77)	(124.04)
Provision for bonus	(106.38)	(102.84)	(100.74)
Provision for doubtful debts and advances	(38.52)	(31.66)	(82.51)
Provision for rate difference	(96.19)	(84.04)	(85.59)
Plant and machinery recognised on account of government grant	(52.18)	(152.71)	(207.88)
	<b>33.24</b>	<b>185.73</b>	<b>191.56</b>

**(i) Movement in deferred tax liabilities (net)**

(₹ in lakhs)

Particulars	31 March 2017	Recognised/ reversed through profit and loss	Recognised in other comprehensive income	31 March 2018
<b>Liabilities</b>				
Deferred government grant	152.70	(100.53)	-	52.17
Depreciation	506.67	(99.61)	-	407.06
Derivatives not designated as hedges	30.38	(29.35)	-	1.03
<b>Assets</b>				
Provision for leave encashment	(132.77)	(0.98)	-	(133.75)
Provision for bonus	(102.84)	(3.54)	-	(106.38)
Provision for doubtful debts and advances	(31.66)	(6.86)	-	(38.52)
Provision for rate difference	(84.04)	(12.15)	-	(96.19)
Plant and machinery recognised on account of government grant	(152.71)	100.53	-	(52.18)
<b>Total</b>	<b>185.73</b>	<b>(152.49)</b>	<b>-</b>	<b>33.24</b>



(₹ in lakhs)

Particulars	1 April 2016	Recognised/ reversed through profit and loss	Recognised in other comprehensive income	31 March 2017
<b>Liabilities</b>				
Deferred government grant	207.88	(55.18)	-	152.70
Depreciation	584.44	(77.77)	-	506.67
Derivatives not designated as hedges	-	30.38	-	30.38
<b>Assets</b>				
Provision for leave encashment	(124.04)	(8.73)	-	(132.77)
Provision for bonus	(100.74)	(2.10)	-	(102.84)
Provision for doubtful debts and advances	(82.51)	50.85	-	(31.66)
Provision for rate difference	(85.59)	1.55	-	(84.04)
Plant and machinery recognised on account of government grant	(207.88)	55.17	-	(152.71)
<b>Total</b>	<b>191.56</b>	<b>(5.83)</b>	<b>-</b>	<b>185.73</b>

**Note - 22**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Other non - current liabilities</b>			
Deferred income*	367.41	441.24	600.66
	<b>367.41</b>	<b>441.24</b>	<b>600.66</b>

\* Represents government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of property, plant and equipments accounted for as government grant and being amortised over the useful life of such assets.

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>B Other current liabilities</b>			
Payable to statutory authorities	265.72	232.28	167.98
Advance from customers	626.53	698.00	725.21
	<b>892.25</b>	<b>930.28</b>	<b>893.19</b>

**Note - 23**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Trade payables</b>			
Due to micro and small enterprises*	164.38	89.93	107.12
Due to others	5,374.45	3,661.24	3,751.75
	<b>5,538.83</b>	<b>3,751.17</b>	<b>3,858.87</b>

\*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31 March 2018, 31 March 2017 and 1 April 2016:



(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
i Principal amount remaining unpaid to any supplier as at the end of the accounting year;	161.83	89.81	107.12
ii Interest due thereon remaining unpaid to any supplier as at the end of the accounting year;	2.55	0.06	-
iii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
iv the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-	-
v the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
vi the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Note - 24**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Other financial liabilities</b>			
Current maturity of long term borrowings	253.33	14.73	13.29
Current maturity of finance lease obligations	30.51	-	-
Interest accrued but not due	117.46	26.27	0.92
Earnest money and security deposits	12.50	23.25	31.00
Unclaimed dividend	12.78	13.01	12.01
Others*	2,183.19	2,300.29	2,260.80
	<b>2,609.77</b>	<b>2,377.55</b>	<b>2,318.02</b>

\*Others include reimbursement of expenses, provision for expenses, liabilities related to compensation/claim, etc.

**Note - 25**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Current tax liabilities (net)</b>			
Provision for taxation	-	-	1,355.00
Less: Advance income tax	-	-	(1,259.78)
	-	-	<b>95.22</b>

**Note - 26**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Income from operations</b>		
<b>Sale of products</b>		
Transmission gears and shafts-domestic net of discount	39,277.55	37,372.58
Transmission gears and shafts-export	12,986.31	10,462.48
Software export	57.51	55.05
Software services	2.62	58.32
Sales jobwork	147.94	216.50
<b>Other operating income</b>		
Export incentives	375.72	350.16
Sales scrap	990.52	677.63
	<b>53,838.17</b>	<b>49,192.72</b>


**Note - 27**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Other income</b>		
Interest income		
Bank deposits	41.45	130.80
Security deposits	9.47	12.86
Allowance for doubtful debts written back	610.39	88.50
Dividend income	0.05	0.11
Gain on foreign exchange fluctuations (Net)	31.54	81.68
Gain on sale of property, plant and equipment (Net)	36.47	28.73
Fair value gain on derivatives not designated as hedges	345.17	87.77
Income recognised on account of government assistance	150.76	159.42
Miscellaneous income	93.59	1.24
	<b>1,318.89</b>	<b>591.11</b>

**Note - 28**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Cost of materials consumed</b>		
Opening stock of raw material (steel rod and forgings)	420.81	364.54
Add: Purchase during the year (net of discount)	25,997.89	21,469.73
	26,418.70	21,834.27
Less: Closing stock of raw material (steel rod and forgings)	1,047.84	420.81
	<b>25,370.86</b>	<b>21,413.46</b>

**Note - 29**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Purchase of traded goods</b>		
Opening stock of purchase of traded goods (transmission gears and shafts)	-	-
Add: Purchase during the year (transmission gears and shafts)	3,122.83	2,072.85
	3,122.83	2,072.85
Less: Closing stock of purchase of traded goods (transmission gears and shafts)	-	-
	<b>3,122.83</b>	<b>2,072.85</b>

**Note - 30**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Changes in inventories of finished goods and work-in-progress</b>		
<b>Inventories at the end of the year:</b>		
Finished goods (transmission gears and shafts)	481.08	408.62
Work-in-progress (transmission gears and shafts)	1,669.07	1,291.00
<b>Inventories at the beginning of the year:</b>		
Finished goods (transmission gears and shafts)	408.62	396.22
Work-in-progress (transmission gears and shafts)	1,291.00	1,170.01
	<b>(450.53)</b>	<b>(133.39)</b>

**Note - 31**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Employee benefits expense</b>		
Salaries and incentives	7,097.17	6,480.57
Contributions to provident and other fund	288.95	284.41
Gratuity fund contributions	120.29	110.65
Staff welfare expenses	422.67	368.52
	<b>7,929.08</b>	<b>7,244.15</b>

**Note - 32**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Finance costs</b>		
Interest on		
Term and working capital loan from banks	849.13	232.39
Others	12.42	5.65
Bank commission and charges	44.17	56.06
	<b>905.72</b>	<b>294.10</b>

**Note - 33**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Other expenses</b>		
Water, electricity and allied charges	3,010.75	2,389.81
Stores and spares consumed	3,335.92	2,702.58
Professional expenses	764.49	925.29
Repair and maintenance		
Plant and machinery	301.24	363.90
Buildings	59.58	42.50
Rent	188.87	192.22
Insurance	170.56	194.33
Corporate social responsibility expenses	62.24	55.23
Rates and taxes	48.57	33.65
Provision for doubtful debts	22.80	5.67
Auditor's remuneration*	18.49	18.91
Balance written off	12.88	9.63
Director's sitting fee	5.72	5.85
Charity and donation	2.47	1.06
Bad debts	-	4.83
Increase/decrease on excise duty	-	9.36
Miscellaneous expenses	1,694.35	1,810.07
	<b>9,698.93</b>	<b>8,764.89</b>

**\*Remuneration to auditors comprises of:**

Audit fees	12.12	12.00
Reimbursement of expenses	3.06	4.61
Other services	3.31	2.30
	<b>18.49</b>	<b>18.91</b>

**(I) Corporate social responsibility expenses**

The requisite disclosure relating to CSR expenditure in terms on Guidance Note on Corporate Social Responsibility (CSR) issued by Institute of Chartered Accountants of India:

- Gross amount required to be spent by the Company during the year is ₹ 62.25 lakhs (previous year ₹ 55.23 lakhs).
- Amount spent during the financial year ended 31 March 2018 and 31 March 2017 on:



(₹ in lakhs)

Particulars	Period	Bank payment	Yet to be paid in cash	Total
Education, technical education including research and development	31 March 2018	54.98	-	<b>54.98</b>
	31 March 2017	48.08	-	<b>48.08</b>
Health	31 March 2018	5.00	-	<b>5.00</b>
	31 March 2017	5.00	-	<b>5.00</b>
Integrity community development	31 March 2018	2.26	-	<b>2.26</b>
	31 March 2017	2.15	-	<b>2.15</b>
Total	31 March 2018	62.24	-	<b>62.24</b>
	31 March 2017	55.23	-	<b>55.23</b>

**Note - 34**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Income tax</b>		
<b>Tax expense comprises of:</b>		
Current tax	1,800.00	1,110.64
Deferred tax credit	(152.50)	(5.83)
Earlier years tax adjustments (net)	-	65.56
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,647.50</b>	<b>1,170.37</b>

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.608% and the reported tax expense in profit or loss are as follows:

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Accounting profit before income tax</b>	<b>4,838.74</b>	<b>3,257.94</b>
At India's statutory income tax rate of 34.608% (31 March 2017: 34.608%)	1,674.59	1,127.51
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Tax impact of exempted income	(0.02)	(0.04)
Effect of tax incentive	(9.73)	(10.13)
Tax impact of expenses which will never be allowed	-	(11.02)
Earlier years tax adjustments (net)	-	65.56
Others	(17.34)	(1.51)
<b>Income tax expense</b>	<b>1,647.50</b>	<b>1,170.37</b>

**Note - 35**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Earnings per share</b>		
<b>Net profit attributable to equity shareholders</b>		
Net profit for the year	3,191.24	2,087.57
Nominal value of equity share (₹)	10	10
Total number of equity shares outstanding at the beginning of the year	18768000	18768000
Total number of equity shares outstanding at the end of the year	18768000	18768000
Weighted average number of equity shares	18768000	18768000
(1) Basic (₹)	17.00	11.12
(2) Diluted (₹)	17.00	11.12

**Note - 36A**

**Financial instruments**

**(i) Fair values hierarchy**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**(ii) Financial instruments by category**

For amortised cost instruments, carrying value represents the best estimate of fair value.

(₹ in lakhs)

Particulars	31 March 2018			31 March 2017			1 April 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>									
Investment - equity instrument	-	5.25	-	-	5.79	-	-	3.75	-
Trade receivables	-	-	9,970.75	-	-	7,301.67	-	-	7,023.20
Loans	-	-	51.51	-	-	54.36	-	-	61.23
Cash and cash equivalents	-	-	752.03	-	-	683.47	-	-	1,412.09
Other bank balances	-	-	1,658.46	-	-	720.28	-	-	172.21
Other financial assets	2.96	-	702.68	87.77	-	682.43	-	-	561.60
Security deposits	-	-	201.07	-	-	173.44	-	-	201.55
<b>Total financial assets</b>	<b>2.96</b>	<b>5.25</b>	<b>13,336.50</b>	<b>87.77</b>	<b>5.79</b>	<b>9,615.65</b>	<b>-</b>	<b>3.75</b>	<b>9,431.88</b>
<b>Financial liabilities</b>									
Borrowings	-	-	18,195.02	-	-	12,354.47	-	-	4,154.69
Trade payables	-	-	5,538.83	-	-	3,751.17	-	-	3,858.87
Other financial liabilities	-	-	2,325.94	-	-	2,362.81	-	-	2,304.73
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>26,059.79</b>	<b>-</b>	<b>-</b>	<b>18,468.45</b>	<b>-</b>	<b>-</b>	<b>10,318.29</b>

'Investment in subsidiary is measured at cost and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures". Hence, the same have been excluded from the above table..

**(iii) Financial assets measured at fair value - recurring fair value measurements**

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 March 2018 and 31 March 2017 :

(₹ in lakhs)

Particulars	Period	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Investments at fair value through other comprehensive income</b>					
Equity investments	31 March 2018	5.25	-	-	<b>5.25</b>
	31 March 2017	5.79	-	-	<b>5.79</b>
	01 April 2016	3.75	-	-	<b>3.75</b>
<b>At fair value through profit or loss</b>					
Derivative financial assets	31 March 2018	-	2.96	-	<b>2.96</b>
	31 March 2017	-	87.77	-	<b>87.77</b>
	01 April 2016	-	-	-	<b>-</b>





**(iv) Fair value of instruments measured at amortised cost**

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows: (₹ in lakhs)

Particulars	Level	31 March 2018		31 March 2017		1 April 2016	
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>							
Loans	Level 3	179.29	179.29	161.17	161.17	179.63	179.63
Other financial assets	Level 3	1.40	1.40	8.72	8.72	56.35	56.35
<b>Total financial assets</b>		<b>180.69</b>	<b>180.69</b>	<b>169.89</b>	<b>169.89</b>	<b>235.98</b>	<b>235.98</b>
<b>Financial liabilities</b>							
Borrowings	Level 3	18,195.02	18,195.02	12,354.47	12,354.47	4,154.69	4,154.69
<b>Total financial liabilities</b>		<b>18,195.02</b>	<b>18,195.02</b>	<b>12,354.47</b>	<b>12,354.47</b>	<b>4,154.69</b>	<b>4,154.69</b>

The management assessed that cash and cash equivalents, trade receivables, other receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(1) The fair values of the Company's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2018 was assessed to be insignificant.

**Note - 36 B**

**Financial risk management**

The Company's activities expose it to credit risk, liquidity risk and market risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, other financial assets	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required.
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors.
Market risk - security price	Investments in equity.	Sensitivity analysis	Portfolio diversification.

**(A) Credit risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**a) Credit risk management**

**i) Credit risk rating**

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A: Low

B: Medium

C: High

The Company provides for expected credit loss based on the following:

Asset groups	Basis of categorisation	Provision for expected credit loss
Low	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Medium	Trade receivables	Life time expected credit loss or 12 month expected credit loss
High	Trade receivables	Life time expected credit loss fully provided for

Life time expected credit loss is provided for trade receivables.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

(₹ in lakhs)

Credit rating	Particulars	31 March 2018	31 March 2017	1 April 2016
A: Low	Cash and cash equivalents, other bank balances, loans and other financial assets	3,368.70	2,401.76	2,408.67
B: Medium	Trade receivables	10,041.42	7,349.54	7,110.43
C: High	Trade receivables	40.64	43.61	151.20

**ii) Concentration of trade receivables**

The Company's exposure to credit risk for trade receivables is presented as below. Loans and other financial assets majorly represents loans to employees and deposits given for business purposes.

Particulars	31 March 2018	31 March 2017	1 April 2016
Original equipment manufacturer	6,271.00	4,698.82	4,245.39
Others	3,811.07	2,694.33	3,016.24
<b>Total</b>	<b>10,082.07</b>	<b>7,393.15</b>	<b>7,261.63</b>

**b) Credit risk exposure**

**(i) Provision for expected credit losses**

The Group provides for 12 month expected credit losses for following financial assets –

**As at 31 March 2018**

(₹ in lakhs)

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	752.03	-	752.03
Other bank balances	1,659.86	-	1,659.86
Loans	252.57	-	252.57
Other financial assets	704.24	-	704.24



As at 31 March 2017

(₹ in lakhs)

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	683.47	-	683.47
Other bank balances	729.00	-	729.00
Loans	227.81	-	227.81
Other financial assets	761.48	-	761.48

As at 1st April 2016

(₹ in lakhs)

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,412.09	-	1,412.09
Other bank balances	228.56	-	228.56
Loans	262.77	-	262.77
Other financial assets	505.25	-	505.25

(ii) Expected credit loss for trade receivables under simplified approach

As at 31 March 2018

(₹ in lakhs)

Period	Gross carrying value	Expected credit loss (provision)	Carrying amount (net of impairment)
0 - 90 Days	8,715.16	12.25	8,702.90
90 - 180 Days	1,022.79	32.29	990.50
180 - 270 Days	195.25	14.02	181.23
270 - 360 Days	60.46	0.75	59.72
More than 360 Days	88.41	52.01	36.40

As at 31 March 2017

(₹ in lakhs)

Period	Gross carrying value	Expected credit loss (provision)	Carrying amount (net of impairment)
0 - 90 Days	6,619.56	37.06	6,582.50
90 - 180 Days	578.30	3.04	575.26
180 - 270 Days	93.48	5.36	88.12
270 - 360 Days	32.93	0.36	32.57
More than 360 Days	68.87	45.65	23.22

As at 1 April 2016

(₹ in lakhs)

Period	Gross carrying value	Expected credit loss (provision)	Carrying amount (net of impairment)
0 - 90 Days	6,377.77	71.09	6,306.67
90 - 180 Days	518.72	7.68	511.04
180 - 270 Days	85.76	2.61	83.15
270 - 360 Days	23.36	0.34	23.02
More than 360 Days	256.01	156.70	99.31

Reconciliation of loss provision – lifetime expected credit losses

(₹ in lakhs)

Reconciliation of loss allowance	Trade receivables
Loss allowance as on 1 April 2016	238.43
Impairment loss recognised/reversed during the year	(53.15)
Amounts written off	(93.80)
<b>Loss allowance on 31 March 2017</b>	<b>91.48</b>
Impairment loss recognised/reversed during the year	19.84
Amounts written off	-
<b>Loss allowance on 31 March 2018</b>	<b>111.32</b>

**(B) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

**Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

(₹ in lakhs)

<b>31 March 2018</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
<b>Non-derivatives</b>			
Borrowings	6,895.95	14,604.71	21,500.66
Trade payable	5,538.83	-	5,538.83
Other financial liabilities	2,208.48	-	2,208.48
<b>Total</b>	<b>14,643.26</b>	<b>14,604.71</b>	<b>29,247.97</b>

(₹ in lakhs)

<b>31 March 2017</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
<b>Non-derivatives</b>			
Borrowings	5,897.15	9,402.92	15,300.08
Trade payable	3,751.17	-	3,751.17
Other financial liabilities	2,336.55	-	2,336.55
<b>Total</b>	<b>11,984.87</b>	<b>9,402.92</b>	<b>21,387.80</b>

(₹ in lakhs)

<b>1 April 2016</b>	<b>Less than 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
<b>Non-derivatives</b>			
Borrowings	4,170.82	30.08	4,200.90
Trade payable	3,858.87	-	3,858.87
Other financial liabilities	2,303.81	-	2,303.81
<b>Total</b>	<b>10,333.50</b>	<b>30.08</b>	<b>10,363.58</b>

The Company had access to following funding facilities :

**As at 31 March 2018**

(₹ in lakhs)

<b>Funding facilities</b>	<b>Total facility</b>	<b>Drawn</b>	<b>Undrawn</b>
Less than 1 year	6,550.00	5,687.00	863.00
<b>Total</b>	<b>6,550.00</b>	<b>5,687.00</b>	<b>863.00</b>

**As at 31 March 2017**

(₹ in lakhs)

<b>Funding facilities</b>	<b>Total facility</b>	<b>Drawn</b>	<b>Undrawn</b>
Less than 1 year	6,550.00	5,138.76	1,411.24
<b>Total</b>	<b>6,550.00</b>	<b>5,138.76</b>	<b>1,411.24</b>

**As at 1 April 2016**

(₹ in lakhs)

<b>Funding facilities</b>	<b>Total facility</b>	<b>Drawn</b>	<b>Undrawn</b>
Less than 1 year	5,340.00	4,113.32	1,226.68
<b>Total</b>	<b>5,340.00</b>	<b>4,113.32</b>	<b>1,226.68</b>



**(C) Market risk**

**(i) Foreign exchange risk**

The Group has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions (imports and exports). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company does not hedge its foreign exchange receivables/payables.

**(ii) Derivative financial instrument**

The Company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage the risks. The derivative transactions are normally in the form of forward contracts and these are subject to the Company guidelines and policies.

The fair values of all derivatives are separately recorded in the balance sheet within current financial assets. Derivatives that are designated as hedges are classified as current depending on the maturity of the derivative. The use of derivatives can give rise to credit and market risk. The Company tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes."

**a) Fair value hedge**

The fair value hedges relate to forward covers taken to hedge currency exposure risks.

The Company uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. Fair value changes on such forward contracts are recognized in profit or loss.

**b) Non-qualifying/economic hedge**

The Company enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Fair value changes on such derivative instruments are recognized in profit or loss.

Derivative financial instruments	31 March 2018	31 March 2017	1 April 2016
<b>Current</b>			
<b>Non qualifying hedges</b>			
Derivative assets	2.96	87.77	-
<b>Total</b>	<b>2.96</b>	<b>87.77</b>	<b>-</b>

**Foreign currency risk exposure:**

Particulars	Currency	Amount in foreign currency (in lakhs)		Amount in INR (₹ in lakhs)	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Receivables</b>					
Export trade receivable	USD	42.62	28.63	2,716.49	1,821.98
	EURO	6.63	5.03	523.96	355.21
	GBP	0.38	0.38	34.36	30.18
<b>Payables</b>					
Payable for imports and others	USD	(6.02)	(7.06)	(398.29)	(466.18)
	EURO	(0.53)	(0.51)	(43.06)	(36.21)
Foreign currency loans	EURO	-	(5.80)	-	(409.36)
	USD	(120.00)	(120.00)	(8,024.40)	(8,018.40)
	USD	(75.62)	-	(5,056.57)	-
Interest on foreign currency loans	EURO	-	(0.01)	-	(0.99)
	USD	(1.32)	(0.16)	(88.43)	(10.43)
	USD	(0.37)	-	(24.75)	-



## Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakhs)

Particulars	Currency	Exchange rate increase by 5%		Exchange rate decrease by 5%	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Receivables</b>					
Export trade receivable	USD	135.82	91.10	(135.82)	(91.10)
	EURO	26.20	17.76	(26.20)	(17.76)
	GBP	1.72	1.51	(1.72)	(1.51)
<b>Payables</b>					
Payable for imports and others	USD	19.91	23.31	(19.91)	(23.31)
	EURO	2.15	1.81	(2.15)	(1.81)
Foreign currency loans	EURO	-	20.47	-	(20.47)
	USD	401.22	400.92	(401.22)	(400.92)
	USD	252.83	-	(252.83)	-
Interest on foreign currency loans	EURO	-	0.05	-	(0.05)
	USD	4.42	0.52	(4.42)	(0.52)
	USD	1.24	-	(1.24)	-

## ii) Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Variable rate borrowing	12,261.21	7,202.35	13.29
Fixed rate borrowing	5,933.81	5,152.11	4,141.41
<b>Total borrowings</b>	<b>18,195.02</b>	<b>12,354.46</b>	<b>4,154.70</b>

## Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Interest rates – increase by 50 basis points	(61.31)	(36.01)
Interest rates – decrease by 50 basis points	61.31	36.01

## (iii) Price risk

The Company's exposure to price risk arises from investments held and classified as FVOCI/ FVTPL. To manage the price risk arising from investments, the Company diversifies its portfolio of assets.

### Sensitivity analysis

Profit or loss and equity is sensitive to higher/lower prices of instruments on the Company's profit for the year -



(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
<b>Price sensitivity</b>		
Price increase by (5%) - FVOCI	0.26	0.29
Price decrease by (5%) - FVOCI	(0.26)	(0.29)
Price increase by (5%) - FVTPL	0.15	4.39
Price decrease by (5%) - FVTPL	(0.15)	(4.39)

#### Note - 37

##### Related party disclosures

List of related parties and relationships

##### i) Parties where control exists:

###### Subsidiary Company:

(a) 2545887 Ontario Inc., Canada

###### Step down subsidiaries:

(i) Teutech Industries Inc., Canada

(ii) Teutech Holding Corporation, USA

(iii) Teutech LLC, USA

(iv) Teutech Leasing Corporation, USA

(v) 2504584 Ontario Inc., Canada

(vi) 2323532 Ontario Inc., Canada

(b) Neo Tech Auto Systems Inc., USA

##### Key Management Personnel (KMP) and their relatives

(i) Mr. Deep Kapuria (Executive Chairman and Whole Time Director)

(ii) Mr. Pranav Kapuria (Managing Director Director)

(iii) Mr. Anuj Kapuria (Whole Time Director)

(iv) Mr. Sandeep Dinodia (Independent Director)

(v) Mr. Anil Kumar Khanna (Independent Director)

(vi) Mr. Krishna Chandra Verma (Independent Director)

(vii) Ms. Malini Sud (Independent Director)

(viii) Mr. Prosad Dasgupta (Independent Director)

(ix) Mr. Vinit Taneja (Independent Director)

(x) Mr. Ramesh Chandra Jain (Non Executive Director)

(xi) Mr. Bidadi Anjani Kumar (Non Executive Director)

(xii) Mr. Vijay Mathur (Chief Financial Officer)

(xiii) Mr. Shital Kumar Khatri (Company Secretary)

##### Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions has been undertaken:-

(i) Aquarian Fibrecement Private Limited

(ii) Vulcan Electro Controls Limited

(iii) The Hi-Tech Robotic Systemz Limited

(iv) The Hi-Tech Engineering Systems Private Limited

(a) Transactions with related parties carried out in the ordinary course of business: (₹ in lakhs)

S. No.	Particulars	Year	Related parties							Total
			Subsidiary Company		Enterprise over which Key Management personnel and their relatives exercise significant influence				Key Management Personnel and its relatives	
			2545887 Ontario Inc., Canada	Teutech Industries Inc., Canada	Aquarian Fibrecement Private Limited	Vulcan Electro Controls Limited	The Hi-Tech Engineering Systems Private Limited	The Hi-Tech Robotic Systemz Limited		
1	Purchase of goods	31 March 2018 31 March 2017	- -	- -	- -	9,257.85 6,106.49	3,011.71 2,322.79	- -	- -	12,269.56 8,429.28
2	Sale of goods	31 March 2018 31 March 2017	- -	71.81 -	- -	0.60 12.41	781.31 652.26	- -	- -	853.72 664.67
3	Rendering of job work/ services	31 March 2018 31 March 2017	- -	- -	- -	55.01 73.06	76.36 70.07	- -	- -	131.37 143.14
4	Sale of assets	31 March 2018 31 March 2017	- -	69.13 -	- -	10.41 20.01	1.03 54.98	- -	- -	80.58 74.99
5	Purchase of asset	31 March 2018 31 March 2017	- -	- -	- -	- -	- -	44.05 -	- -	44.05 -
6	Receiving of job work/ services	31 March 2018 31 March 2017	- -	- -	- -	1,868.68 1,896.85	- -	451.10 344.75	- -	2,319.78 2,241.60
7	Leasing or hire purchase arrangements	31 March 2018 31 March 2017	- -	- -	180.00 206.85	- -	- -	- -	- -	180.00 206.85
8	Remuneration paid*	31 March 2018 31 March 2017	- -	- -	- -	- -	- -	- -	578.03 386.82	578.03 386.82
9	Sitting fees	31 March 2018 31 March 2017	- -	- -	- -	- -	- -	- -	5.70 5.80	5.70 5.80
10	Re-imbursement paid	31 March 2018 31 March 2017	- 28.62	- -	- -	2.01 24.36	- 25.64	- 3.21	- -	2.01 81.83
11	Re-imbursement received	31 March 2018 31 March 2017	- -	105.39 -	- -	13.78 9.21	18.28 -	9.18 -	- -	146.63 9.21
12	Investment in equity instrument - 2545887 Ontario Inc., Canada	31 March 2018 31 March 2017	5,206.40 10,139.07	- -	- -	- -	- -	- -	- -	5,206.40 10,139.07

\*The remuneration of Key Managerial Personnel included in various schedules to statement of profit and loss is as under: (₹ in lakhs)

Particulars*	31 March 2018		31 March 2017	
	Short term employee benefits Defined contribution plan	562.86	15.17	372.30

\* Does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for all the employees together.

(b) Closing balance with related parties in the ordinary course of business : (₹ in lakhs)

S. No.	Particulars	Year	Related parties							Total
			Subsidiary Company		Enterprise over which Key Management personnel and their relatives exercise significant influence			Key Management Personnel and its relatives		
			2545887 Ontario Inc., Canada	Teutech Industries Inc., Canada	Aquarian Fibrecement Private Limited	Vulcan Electro Controls Limited	The Hi-Tech Engineering Systems Private Limited		The Hi-Tech Robotic Systemz Limited	
1	Trade receivable	31 March 2018 31 March 2017 1 April 2016	28.62 28.62 -	124.55 - -	- - -	- - -	- - -	- - -	153.17 28.62 -	
2	Trade payable	31 March 2018 31 March 2017 1 April 2016	- - -	- - -	649.90 479.49 528.15	1,108.68 928.74 983.06	17.85 19.83 23.84	284.47 93.06 164.69	2,060.90 1,521.12 1,699.74	



**Note - 38****Capital management**

The Company's objectives when managing capital are to:

- To ensure Company's ability to continue as a going concern, and
- To provide adequate return to shareholders

Management assesses the capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company manages its capital requirements by overseeing the following ratios -

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Net debt*	17,560.46	11,697.26	2,743.52
Total equity	24,043.63	21,444.12	19,940.22
<b>Net debt to equity ratio</b>	<b>0.73</b>	<b>0.55</b>	<b>0.14</b>

\*Net debt = non-current borrowings + current borrowings + current maturities of non-current borrowings + interest accrued - cash and cash equivalents

**Note - 39****Contingent liabilities and commitments  
(to the extent not provided for)****A Contingent liabilities****1) Details of bank guarantees are as under:-**

(₹ in lakhs)

S. No.	Name of the beneficiary	31 March 2018	31 March 2017	1 April 2016
1	Asst. Commissioner Customs Export	-	-	55.00
2	Dy. Commissioner Customs Export, Tughlakabad, Delhi	1.54	1.54	1.54
3	Deputy Commissioner of Customs	11.79	11.79	11.79
4	The Commercial Taxes officer, Bhiwadi, Rajasthan	-	-	6.00
5	The President of India (Through Asst./Dy Commissioner of Customs)	0.63	0.63	0.63
6	Commissioner of Custom	0.25	0.25	0.25
7	The President of India (Through Asst./Dy Commissioner of Customs)	-	0.96	0.96
8	The Commercial Taxes officer, Bhiwadi, Rajasthan	-	-	39.98
9	Dy. Commissioner Customs Export	1.30	1.30	1.30
10	The President of India (Through Asst./Dy Commissioner of Customs)	4.75	4.75	4.75
11	Deputy Commissioner of Customs	-	6.24	-
12	The President of India (Dy Commissioner of Customs)	-	7.29	-
13	The Assessing Authority Sales Tax Department, Haryana	0.50	0.50	-
14	Deputy Commissioner of Customs	8.40	8.40	-
15	The President of India (Dy Commissioner of Customs)	-	7.63	-
16	Deputy Commissioner of Customs	-	7.23	-
17	Deputy Commissioner of Customs	-	6.24	-
18	Deputy Commissioner of Customs	-	6.24	-
19	The Assessing Authority Sales Tax Department, Haryana	0.50	0.50	-
20	GST Gurgaon	10.00	-	-
21	Subh Enterprises (solar power project)	-	175.00	-
22	Subh Enterprises (solar power project)	-	12.50	-
	<b>Total</b>	<b>39.66</b>	<b>258.99</b>	<b>122.20</b>





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

S. No.	Particulars	Period to which the amount relates	31 March 2018	31 March 2017	1 April 2016
1	Central Excise Act, 1944 (Disposed by Tribunal, RK Puram, Delhi)	February 2009 to December 2009	-	-	0.86
2	Central Excise Act, 1944 (Commissioner (Appeals), Central Excise, Jaipur)	September 2011 to June 2012	-	-	2.17
3	Central Excise Act, 1944 (Commissioner Central Excise Gurgaon Haryana)	August 2012 to July 2014	-	-	9.16
4	Central Excise Act, 1944 (Commissioner Central Excise Delhi)	August 2013 to July 2014	-	-	0.57
5	Income Tax Act, 1961 (Assistant Commissioner of Income Tax, Delhi)	Assessment year 2013-14	-	8.69	8.69
6	Income Tax Act, 1961 (Income Tax Appellate Tribunal, Delhi)	Assessment year 2008-09	2.56	2.56	2.56
7	Income Tax Act, 1961 (Deputy Commissioner of Income Tax (Appeals), Delhi)	Assessment year 2012-13	3.53	3.53	3.53
8	Income Tax Act, 1961 (Income Tax Appellate Tribunal, Delhi)	Assessment year 2010-11	25.40	25.40	25.40
9	Income Tax Act, 1961 (Commissioner of Income Tax (Appeals), Delhi)	Assessment year 2014-15	-	3.37	-
	<b>Total</b>		<b>31.49</b>	<b>43.55</b>	<b>52.94</b>

**Statutory demands for which showcause notice issued to the Company:** (₹ in lakhs)

S. No.	Particulars	Period to which the amount relates	31 March 2018	31 March 2017	1 April 2016
1	Central Excise Act, 1944 (Additional Commissioner, Central Excise, Gurgaon, Haryana)	April 2005 to March 2018	10.42	10.42	10.42
2	Central Excise Act, 1944 (Additional Commissioner, Central Excise, Gurgaon, Haryana)	August 2014 to July 2015	20.23	20.23	20.23
3	Central Excise Act, 1944 (Additional Commissioner, Central Excise, Gurgaon, Haryana)	August 2015 to February 2017	36.15	36.15	-
	<b>Total</b>		<b>66.80</b>	<b>66.80</b>	<b>30.65</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.

**B Commitments (net of advance):**

Estimated amount of contracts remaining to be executed on capital accounts ₹ 1019.21 lakhs after adjusting advances (previous years: 31 March 2017: ₹ 601.78 lakhs and 1 April 2016 ₹ 241.66 lakhs).

**Note - 40**

**Dividends**

**A** The Board of directors at their meeting held on 21 May 2018 has proposed a final dividend of ₹ 2 per share for financial year 31 March 2018 (previous year: ₹ 1.50 per share) subject to approval of shareholders in annual general meeting. The above is in addition to an interim dividend of ₹ 1.5 per share for financial year 31 March 2018 (previous year ₹ 1.25 per share) declared and already paid.

B Dividend declared and paid in earlier years are as follows –

(₹ in lakhs)

Particulars	31 March 2018	1 March 2017
Interim dividend (including dividend tax)	338.83	282.36
Final dividend (including dividend tax)	282.36	339.91

**Note - 41**

**Leases disclosure as lessee**

**Operating leases**

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:

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Within one year	90.00	180.00	186.56
Later than one year but not later than five years	-	90.00	270.00
Later than five years	-	-	-

**Finance leases**

The Company had taken solar power plant on finance lease. The Company's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance lease are, as follows:

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Within one year	65.94	-	-
Later than one year but not later than five years	134.56	-	-
Later than five years	133.67	-	-

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Within one year	63.85	-	-
Later than one year but not later than five years	106.21	-	-
Later than five years	71.58	-	-
<b>Amounts representing finance charges</b>	<b>92.53</b>	-	-

**Note - 42**

**Employee benefits**

**A Compensated absences - earned leave**

**Risk**

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.



**i) Amounts recognized in the balance sheet:**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Present value of the obligation	386.47	383.65	358.40
Fair value of plan assets	-	-	-
Net obligation recognised in balance sheet as provision	386.47	383.65	358.40
<b>Current liability (amount due within one year)</b>	<b>52.17</b>	<b>44.85</b>	<b>39.71</b>
<b>Non-current liability (amount due over one year)</b>	<b>334.30</b>	<b>338.80</b>	<b>318.69</b>

**ii) Expenses recognized in statement of profit and loss:**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Current service cost	79.27	75.47
Interest cost	28.27	28.67
Actuarial (gain)/loss net on account of:		
Changes in demographic assumptions	-	-
Changes in financial assumptions	(14.79)	5.94
Changes in experience adjustment	6.97	12.64
<b>Cost recognized during the year</b>	<b>99.72</b>	<b>122.72</b>

**iii) Movement in the liability recognized in the balance sheet is as under:**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Present value of defined benefit obligation at the beginning of the year	383.65	358.40
Current service cost	79.27	75.47
Interest cost	28.27	28.67
Actuarial (gain)/loss net	(7.83)	18.58
Benefits paid	(96.90)	(97.47)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>386.46</b>	<b>383.65</b>

**iv) (a) For determination of the liability of the Company the following actuarial assumptions were used:**

Particulars	31 March 2018	31 March 2017	1 April 2016
Discount rate	7.73%	7.37%	8.00%
Salary escalation rate	9.00%	9.00%	9.50%
Retirement Age (Years)	58.00	58.00	58.00
Ages	<b>Withdrawal rate (%)</b>		
Up to 30 Years	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%
Leave			
Leave availment rate	5.00%	-	-
Leave encashment rate while in service	5.00%	-	-

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

**iv) (b) Maturity Profile of defined benefit obligation**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
0 to 1 year	52.17	44.85
1 to 2 year	18.60	14.66
2 to 3 year	9.61	16.08
3 to 4 year	13.89	9.50
4 to 5 year	11.96	11.24
5 to 6 year	15.79	10.76
6 year onwards	264.45	276.55

**v) Sensitivity analysis for compensated absences liability**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
<b>a) Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	386.47	383.65
Impact due to increase of 0.50 %	(19.14)	(21.02)
Impact due to decrease of 0.50 %	20.79	22.98
<b>b) Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	386.47	383.65
Impact due to increase of 0.50 %	20.44	22.52
Impact due to decrease of 0.50 %	(19.01)	(20.82)

Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

**B Gratuity Risk**

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Mortality and disability	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

**i) Amounts recognized in the balance sheet :**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Present value of the obligation	1,221.20	1,176.81	1,118.17
Fair value of plan assets	1,206.81	1,156.59	1,094.60
Net obligation recognised in balance sheet as provision	14.39	20.22	23.58
<b>Current liability (amount due within one year)</b>	-	-	-
<b>Non-current liability (amount due over one year)</b>	<b>14.39</b>	<b>20.22</b>	<b>23.58</b>

**ii) Gain recognised in other comprehensive income:**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Actuarial gain/(loss) on asset	(73.28)	1.17
Actuarial gain on PBO	119.18	54.76
Gain recognised in other comprehensive income	45.90	55.93

**iii) Actuarial (gain)/loss on obligation:**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Actuarial (gain)/loss net on account of:		
Changes in demographic assumptions	-	-
Changes in financial assumptions	(38.25)	14.81
Changes in experience adjustment	(80.93)	(69.57)



iv) Expenses recognised in statement of profit and loss

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Current service cost	123.67	101.38
Interest cost	1.49	1.89
<b>Cost recognised during the year</b>	<b>125.16</b>	<b>103.27</b>

v) Major categories of plan assets (as percentage of total plan assets)

Particulars	31 March 2018	31 March 2017
Funds managed by insurer	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

vi) Change in plan assets is as under:

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Fair value of plan assets at the beginning of the period	1,156.59	1,094.60
Actual return on plan assets	11.96	88.74
Employer contribution	87.34	45.30
Fund management charges	(2.26)	(1.98)
Benefits paid	(46.83)	(70.07)
<b>Fair value of plan assets at the end of the period</b>	<b>1,206.80</b>	<b>1,156.59</b>

vii) Movement in the liability recognised in the balance sheet is as under:

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Present value of defined benefit obligation at the beginning of the year	1,176.81	1,118.17
Current service cost	101.17	101.38
Past service cost	22.50	-
Interest cost	86.73	89.45
Actuarial (gain)/loss net	(119.18)	(54.76)
Benefits paid	(46.83)	(77.44)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>1,221.20</b>	<b>1,176.80</b>

viii) (a) For determination of the liability of the Company the following actuarial assumptions were used:

Particulars	31 March 2018	31 March 2017	1 April 2016
Discount rate	7.73%	7.37%	8.00%
Salary escalation rate	9.00%	9.00%	9.50%
Retirement age (Years)	58.00	58.00	58.00
Withdrawal rate			
Up to 30 Years	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%
Weighted average duration of PBO	13.68	14.52	15.33

viii) (b) Maturity profile of defined benefit obligation:

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
0 to 1 year	144.31	116.09
1 to 2 year	17.38	17.56
2 to 3 year	18.15	17.23
3 to 4 year	29.32	17.01
4 to 5 year	21.39	17.16
5 to 6 year	24.54	30.24
6 year onwards	966.10	961.51



**ix) Sensitivity analysis for gratuity liability:**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
<b>a) Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	1,221.20	1,176.81
Impact due to increase of 0.50 %	(50.55)	(53.30)
Impact due to decrease of 0.50 %	54.16	56.35
<b>b) Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	1,221.20	1,176.81
Impact due to increase of 0.50 %	51.71	55.22
Impact due to decrease of 0.50 %	(48.78)	(52.77)

*Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated*

*Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement*

**Note - 43**

**Segment information**

In line with the provisions of Ind AS 108 – operating segments, the operations of the Company fall primarily under manufacturing of gears and transmissions, which is considered to be the only reportable segment by the management.

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:

(₹ in lakhs)

Geographical Segment	Revenue	
	31 March 2018	31 March 2017
America	5,553.80	4,298.98
India	40,794.29	39,412.60
Others	7,490.08	5,481.15
<b>Total</b>	<b>53,838.17</b>	<b>49,192.72</b>

**Information about major customer**

During the year ended 31 March 2018 revenue of approximately 46.93% (previous year: 52.85%) are derived from three external customers.

**Note - 44**

**Disclosure under Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Assets": Movements in each class of provision during the financial year, are set out below:**

(₹ in lakhs)

Particulars	Provision on rate differences*
<b>As at 1 April 2016</b>	<b>247.31</b>
Amounts used during the year	(4.48)
<b>As at 31 March 2017</b>	<b>242.83</b>
Additional provision recognised	35.12
Amounts used during the year	-
<b>As at 31 March 2018</b>	<b>277.95</b>

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

\*This provision reflects the amount that could be payable on account of foreign exchange adjustment on export.

**Note - 45**

Research and development expenditure includes employee benefits expenses amounting to ₹ 151.18 lakhs (31 March 2017: ₹ 136.51 lakhs), material consumed amounting to ₹ 9.85 Lakhs (31 March 2017: ₹ 7.87 lakhs) and stores and spares consumed of ₹ 60.24 lakhs (31 March 2017: ₹ 138.23 lakhs).

**Note - 46**

**Other matters**

- 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 realised in the ordinary course of business.
- 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 - 47**

**A Explanation of transition to Ind AS**

**1 Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at 31 March 2017 is as follows:**

(₹ in lakhs)

Particulars	Note	Previous GAAP*	Effect of transition to Ind AS	Ind AS
<b>Non-current assets</b>				
Property, plant and equipment	5	16,570.70	441.24	17,011.94
Capital work-in-progress		281.07	-	281.07
Other intangible assets		39.71	-	39.71
Financial assets			-	
Investments	2	10,145.91	5.38	10,151.29
Loans		161.17	-	161.17
Other financial assets		8.72	-	8.72
Other non-current assets	1	821.77	(710.16)	111.61
<b>Total non-current assets</b>		<b>28,029.05</b>	<b>(263.54)</b>	<b>27,765.51</b>
<b>Current assets</b>				
Inventories		3,470.70	-	3,470.70
Financial assets		-	-	
Trade receivables	3	7,349.55	(47.87)	7,301.67
Cash and cash equivalents		683.47	-	683.47
Other bank balances		720.28	-	720.28
Loans		66.63	-	66.63
Other financial assets	8	673.71	87.77	761.48
Current tax asset (net)		293.35	-	293.35
Other current assets	1	1,268.94	(208.39)	1,060.55
<b>Total current assets</b>		<b>14,526.63</b>	<b>(168.49)</b>	<b>14,358.13</b>
<b>Total assets</b>		<b>42,555.68</b>	<b>(432.03)</b>	<b>42,123.64</b>
<b>Equity</b>				
Equity share capital		1,876.80	-	1,876.80
Other equity	10	19,569.76	(2.43)	19,567.32
<b>Total equity</b>		<b>21,446.56</b>	<b>(2.43)</b>	<b>21,444.12</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	1	8,031.75	(830.78)	7,200.97
Other financial liabilities		-	-	-
Provisions		338.80	-	338.80
Deferred tax liabilities (net)	9	225.79	(40.06)	185.73
Other non-current liabilities	5	-	441.24	441.24
<b>Total non-current Liabilities</b>		<b>8,596.34</b>	<b>(429.60)</b>	<b>8,166.74</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings		5,138.76	-	5,138.76
Trade payables		3,751.17	-	3,751.17
Other financial liabilities		2,377.55	-	2,377.55
Provisions		315.02	-	315.02
Current tax liabilities (net)		-	-	-
Other current liabilities		930.28	-	930.28
<b>Total current liabilities</b>		<b>12,512.78</b>	<b>-</b>	<b>12,512.78</b>
<b>Total equity and liabilities</b>		<b>42,555.68</b>	<b>(432.03)</b>	<b>42,123.64</b>

\*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

**2 Reconciliation of the assets and liabilities presented in the balance sheet prepared as per Previous GAAP and as per Ind AS as at 01 April 2016 is as follows:**

(₹ in lakhs)

Particulars	Note	Previous GAAP*	Effect of transition to Ind AS	Ind AS
<b>Non-current assets</b>				
Property, plant and equipment	5	17,395.48	600.67	17,996.14
Capital work-in-progress		252.58	-	252.58
Other intangible assets		41.48	(0.01)	41.48
Financial assets				
Investments	2	6.83	3.35	10.18
Loans		179.63	-	179.63
Other financial assets		56.35	-	56.35
Other non-current assets		133.20	-	133.20
<b>Total non-current assets</b>		<b>18,065.55</b>	<b>604.01</b>	<b>18,669.56</b>
<b>Current assets</b>				
Inventories		3,212.75	-	3,212.75
Financial Assets				
Trade receivables	3	7,110.43	(87.23)	7,023.20
Cash and cash equivalents		1,412.09	-	1,412.09
Other bank balances		172.21	-	172.21
Loans		83.15	-	83.15
Other financial assets		505.25	-	505.25
Current tax asset (net)		269.94	-	269.94
Other current assets		1,320.29	-	1,320.29
<b>Total current assets</b>		<b>14,086.11</b>	<b>(87.23)</b>	<b>13,998.88</b>
<b>Total assets</b>		<b>32,151.66</b>	<b>516.78</b>	<b>32,668.44</b>
<b>Equity</b>				
Equity share capital		1,876.80	-	1,876.80
Other equity	10	17,726.34	337.08	18,063.42
<b>Total equity</b>		<b>19,603.14</b>	<b>337.08</b>	<b>19,940.22</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings		28.09	-	28.09
Other financial liabilities		-	-	-
Provisions		318.69	-	318.69
Deferred tax liabilities (net)	9	273.36	(81.80)	191.56
Other non-current liabilities	5	-	600.66	600.66
<b>Total non-current Liabilities</b>		<b>620.14</b>	<b>518.86</b>	<b>1,139.00</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings		4,113.32	-	4,113.32
Trade payables		3,858.87	-	3,858.87
Other financial liabilities	4	2,317.28	0.74	2,318.02
Provisions	6	650.50	(339.90)	310.60
Current tax liabilities (net)		95.22	-	95.22
Other current liabilities	-	893.19	-	893.19
<b>Total current liabilities</b>		<b>11,928.38</b>	<b>(339.16)</b>	<b>11,589.22</b>
<b>Total equity and liabilities</b>		<b>32,151.66</b>	<b>516.78</b>	<b>32,668.44</b>

\*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.



### 3 Reconciliation of statement of profit and loss for the year ended 31 March 2017

(₹ in lakhs)

Particulars	Note	Previous GAAP*	Effect of transition to Ind AS	Ind AS
<b>Revenue from operations</b>		<b>49,192.72</b>	<b>0.00</b>	<b>49,192.72</b>
Other income	5 & 8	222.88	368.23	591.11
<b>Total revenue</b>		<b>49,415.60</b>	<b>368.23</b>	<b>49,783.83</b>
<b>Expenses</b>				
Cost of materials consumed		21,413.46	-	21,413.46
Purchases of stock-in-trade (traded goods)		2,072.85	-	2,072.85
Changes in inventories of finished goods, stock in trade and work in progress		(133.39)	-	(133.39)
Excise duty on sale of goods		4,362.21	-	4,362.21
Employee benefits expense	7	7,188.22	55.93	7,244.15
Finance costs	1	70.77	223.33	294.10
Depreciation and amortisation expense	5	2,348.20	159.42	2,507.62
Other expenses	3	8,907.28	(142.39)	8,764.89
<b>Total expenses</b>		<b>46,229.60</b>	<b>296.29</b>	<b>46,525.89</b>
<b>Profit before tax</b>		<b>3,186.00</b>	<b>71.94</b>	<b>3,257.94</b>
<b>Tax expense:</b>				
Current tax	9	1,130.00	(19.36)	1,110.64
Deferred tax	9	(47.57)	41.74	(5.83)
Income tax for earlier years		65.56	-	65.56
<b>Profit for the year</b>		<b>2,038.01</b>	<b>49.56</b>	<b>2,087.57</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit and loss				
Re-measurement gains (losses) on defined benefit plans	7	-	55.93	55.93
Changes in fair value of FVOCI equity instruments	2	-	2.03	2.03
Income tax relating to items that will not be reclassified to profit and loss	9	-	(19.36)	(19.36)
<b>Total other comprehensive income for the year</b>		<b>2,038.01</b>	<b>88.16</b>	<b>2,126.17</b>

\*The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

#### B First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

#### C Ind AS optional exemptions

##### 1 Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets at their previous GAAP carrying value.

## **2 Designation of previously recognised financial instruments**

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

## **3 Long term foreign currency monetary items**

Ind AS 101 permits A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

## **D Ind AS mandatory exceptions**

### **1 Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- a) Investment in equity instruments carried at FVTPL or FVOCI
- b) Impairment of financial assets based on expected credit loss model.

### **2 Classification and measurement of financial assets and liabilities**

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- a) The effects of the retrospective application or retrospective restatement are not determinable;
- b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

### **3 De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

## **E Other reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.





### 1 Reconciliation of total equity as at 31 March 2017 and 1 April 2016

(₹ in lakhs)

Particulars	Notes to first time adoption	31 March 2017	1 April 2016
<b>Total equity (shareholder's funds) as per previous GAAP</b>		<b>21,446.55</b>	<b>19,603.13</b>
<b>Adjustments:</b>			
Fair value impact for investments	Note - 2	5.38	3.35
Impairment allowance on doubtful debts	Note - 3	(47.87)	(87.23)
Prior period expenses	Note - 4	-	(0.74)
Proposed dividend adjustment	Note - 6	-	339.91
Tax impact on above adjustment	Note - 9	40.06	81.80
<b>Total adjustments</b>		<b>(2.43)</b>	<b>337.09</b>
<b>Total equity as per Ind AS</b>		<b>21,444.12</b>	<b>19,940.22</b>

### 2 Reconciliation of total comprehensive income for the year ended 31 March 2017:

(₹ in lakhs)

Particulars	Notes to first time adoption	31 March 2017
<b>Profit after tax as per previous GAAP</b>		<b>2,038.01</b>
<b>Adjustments:</b>		
Impairment allowance on doubtful debts	Note - 3	39.36
Prior period expenses	Note - 4	0.74
Re-measurement gains on defined benefit plans	Note - 7	(55.93)
Fair value gain on derivatives not designated as hedges	Note - 8	87.77
Tax impact on above adjustments	Note - 9	(22.38)
<b>Total adjustments</b>		<b>49.56</b>
<b>Profit for the year ended 31 March 2017</b>		<b>2,087.57</b>
Re-measurement gains on defined benefit plans	Note - 7	36.57
Impact of investment designated at FVOCI	Note - 2	2.03
<b>Total comprehensive income for the year ended 31 March 2017</b>		<b>2,126.17</b>

### 3 Impact of Ind AS adoption on Statement of Cash Flows for the year ended on 31 March 2017:

(₹ in lakhs)

Particulars	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activity	3,722.83	-	3,722.83
Net cash flow used in investing activity	(11,949.68)	-	(11,949.68)
Net cash flow from financing activity	7,498.23	-	7,498.23
<b>Net decrease in cash and cash equivalent</b>	<b>(728.62)</b>	<b>-</b>	<b>(728.62)</b>
Cash and Cash equivalent as at 1 April 2016	1,412.09	-	1,412.09
<b>Cash and Cash equivalent as at 31 March 2017</b>	<b>683.47</b>	<b>-</b>	<b>683.47</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

### Notes to first time adoption

#### 1 Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were shown as prepaid expense under non-current/ current assets as and when incurred. Accordingly, borrowings have been reduced with a corresponding adjustment to prepaid expense head in non-current/ current asset respectively.

#### 2 Fair valuation of investment

Under previous GAAP, investments are shown at cost. Under Ind AS, such instruments are to be evaluated under Ind AS 109 which requires the Company to account for such instruments either at amortised cost or fair value. Ind AS requires the Company to record the fair value gains or (losses) on FVOCI equity instruments in case of fair value instrument. Accordingly as at 31 March 2017 'Investments' has been increased with a corresponding adjustment to other comprehensive income.

#### 3 Impairment allowance on trade receivables using provision matrix approach

Under previous GAAP, provision for trade receivables is recognised on specific identification method based on management assessment of recoverability of trade receivables. As per Ind AS 109, the Company is required to apply expected credit loss model (provision matrix approach) for recognising the allowance for doubtful receivables.

#### 4 Prior period errors

Under Ind AS, prior period errors need to be restated retrospectively and such restatement is made in the earliest comparative period presented and the amount of the adjustment is made in the opening balance of retained earnings of earliest year presented. As a result of this change, the profit for the year ended 31 March 2017 increased. There is no impact on the total equity as at 31 March 2017.

#### 5 Government assistance

Under Ind AS, government grants shall be recognised in statement of profit and loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

#### 6 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend has been reversed with corresponding adjustment to retained earnings. As a result of this change, there is no impact on the profit for the year ended 31 March 2017.

#### 7 Remeasurement of post-employment benefit obligations

Under Ind AS, actuarial gains and losses on defined benefit plan liabilities and plan assets are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, such measurements were charged to profit or loss for the respective year. As a result of this change, the profit for the year ended 31 March 2017 decreased. There is no impact on the total equity as at 31 March 2017.

#### 8 Forward contracts

Under Ind AS 109, derivatives are fair valued and all fair value gains/losses recognised in statement of profit or loss. Alternatively, hedge accounting allows portion of the gain or loss on the hedging instrument that is determined to be an effective hedge to be recognised in other comprehensive income any remaining gain or loss on the hedging instrument that represents hedge ineffectiveness is recognised in statement of profit or loss. Management has decided not to opt hedge accounting and fair value gains/(losses) are recognised in statement of profit or loss. As a result of this change, the profit for the year ended 31 March 2017 increased. There is no impact on the total equity as at 31 March 2017.

#### 9 Tax impact on adjustments

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

#### 10 Retained earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS transition adjustments.

#### 11 Excise duty

Under Previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of the Statement of profit and loss as part of expenses.

#### 12 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments and their corresponding income tax effects. The concept of other comprehensive income did not exist under previous GAAP.

**For O.P. Dadu & Co.**  
**Chartered Accountants**  
**Firm Registration No. 001201N**

**CA. Amit Gupta**  
**Partner**  
**Membership No. 094202**

**Place : New Delhi**  
**Date : 21 May 2018**

**Deep Kapuria**  
**Executive Chairman**  
**DIN 00006185**

**Vijay Mathur**  
**Chief Financial Officer**

**For and on behalf of**  
**The Hi-Tech Gears Limited**

**Pranav Kapuria**  
**Managing Director**  
**DIN 00006195**

**S. K. Khatri**  
**Company Secretary**



## Independent Auditors' Report

To the Members of  
The Hi-Tech Gears Limited

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **The 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") comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. 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; 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 consolidated Ind AS 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 Ind AS financial statements by the directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting 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 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 (financial position) of the Group as at March 31, 2018, and their consolidated Profit (financial performance including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### Other Matters

(a) We did not audit the financial statements/financial information of eight subsidiaries included in the consolidated Ind AS financial statements, whose financial statements/financial information reflect total assets of Rs. 36,906.31 lakhs as at March 31, 2018, total revenue of Rs. 22,900.32 lakhs and net cash inflows amounting to Rs. (3,934.85) lakhs for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements. These financial statements/financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated Ind AS 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.

- (b) The comparative financial statement/information of the Group for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

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

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

As required by Section 143(3) of the Act, based on our audit, 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 purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account

maintained for the purpose of preparation of the consolidated Ind AS financial statements;

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under;
- (e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2018, taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2018 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 Holding Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 42(A)(2) of the consolidated Ind AS financial statements;
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company.

**For O.P Dadu & Co.**  
**Chartered Accountants**  
**Firm Regn. No. 001201N**

**CA Amit Gupta**  
**Partner**  
**Membership No. 094202**

**Place : New Delhi**  
**Date : May 21, 2018**





## **Annexure 'A' To the Independent Auditors' Report of even date on the Consolidated Ind AS Financial Statement of The Hi-Tech Gears Limited**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of **The Hi-Tech Gears Limited**)

### **Report on the Internal Financial Controls 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 Ind AS financial statements of the Company for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **The Hi-Tech Gears Limited** (hereinafter referred to as "the Company" or "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 respective Companies 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 respective 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 of 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 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 March 31, 2018, 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 Matter**

Our aforesaid report under Section 143(3)(If the Act on the

adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the 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 subsidiary companies, which are companies incorporated outside India and whose financial statements/financial information reflect total assets of Rs. 36,906.31 lakhs as at March 31, 2018, total revenue of Rs. 22,900.32 lakhs and net cash inflows amounting to Rs. (3,934.85) lakhs for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements.

**For O.P Dadu & Co.  
Chartered Accountants  
Firm Regn. No. 001201N**

**Place : New Delhi  
Date : May 21, 2018**

**CA Amit Gupta  
Partner  
Membership No. 094202**



# THE HI-TECH GEARS LIMITED

## Consolidated Balance Sheet as at 31 March 2018

(₹ in lakhs)

	Note	31 March 2018	31 March 2017	1 April 2016
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	30,839.01	29,005.97	17,996.14
Capital work-in-progress	6	1,290.78	1,090.44	252.58
Goodwill	7	4,633.26	4,371.57	-
Other intangible assets	7	6,838.52	6,896.58	41.48
Financial assets				
Investments	8	5.25	12.22	10.18
Loans	9 A	179.29	161.17	179.63
Other financial assets	10 A	1.40	8.72	56.35
Deferred tax assets (net)	21	-	82.58	-
Other non-current assets	11 A	663.66	549.46	133.20
<b>Total non-current assets</b>		<b>44,451.17</b>	<b>42,178.71</b>	<b>18,669.56</b>
<b>Current assets</b>				
Inventories	12	6,696.31	5,632.64	3,212.75
Financial assets				
Trade receivables	13	15,350.42	10,584.81	7,023.20
Cash and cash equivalents	14	2,453.40	6,319.69	1,412.09
Other bank balances	15	1,658.46	720.28	172.21
Loans	9 B	77.93	71.95	83.15
Other financial assets	10 B	704.24	807.39	505.25
Current tax assets (net)	16	589.67	293.38	269.94
Other current assets	11 B	1,434.76	1,501.73	1,320.29
<b>Total current assets</b>		<b>28,965.19</b>	<b>25,931.87</b>	<b>13,998.88</b>
<b>Total assets</b>		<b>73,416.36</b>	<b>68,110.58</b>	<b>32,668.44</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	17	1,876.80	1,876.80	1,876.80
Other equity	18	22,206.95	18,270.56	18,063.42
<b>Total equity</b>		<b>24,083.75</b>	<b>20,147.36</b>	<b>19,940.22</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	19 A	28,444.06	24,280.02	28.09
Provisions	20 A	334.30	338.80	318.69
Deferred tax liabilities (net)	21	326.87	185.73	191.56
Other non-current liabilities	22 A	367.40	441.24	600.66
<b>Total non-current liabilities</b>		<b>29,472.63</b>	<b>25,245.79</b>	<b>1,139.00</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	19 B	5,852.03	7,437.34	4,113.32
Trade payables	23	7,567.82	5,714.79	3,858.87
Other financial liabilities	24	5,102.30	8,265.02	2,318.02
Provisions	20 B	344.51	315.02	310.60
Current tax liabilities (net)	25	-	-	95.22
Other current liabilities	22 B	993.32	985.26	893.19
<b>Total current liabilities</b>		<b>19,859.98</b>	<b>22,717.43</b>	<b>11,589.22</b>
<b>Total equity and liabilities</b>		<b>73,416.36</b>	<b>68,110.58</b>	<b>32,668.44</b>

Summary of significant accounting policies and accompanying notes form an integral part of these consolidated financial statements.

This is the consolidated balance sheet referred to in our report of even date.

**For O.P. Dadu & Co.**  
Chartered Accountants  
Firm Registration No. 001201N

**CA. Amit Gupta**  
Partner  
Membership No. 094202

Place : New Delhi  
Date : 21 May 2018

**Deep Kapuria**  
Executive Chairman  
DIN 00006185

**Vijay Mathur**  
Chief Financial Officer

**For and on behalf of**  
**The Hi-Tech Gears Limited**

**Pranav Kapuria**  
Managing Director  
DIN 00006195

**S. K. Khatri**  
Company Secretary

# THE HI-TECH GEARS LIMITED

## Consolidated Statement of Profit & Loss for the year ended 31 March 2018

(₹ in lakhs)

Particulars	Note No.	March 31, 2018	March 31, 2017
<b>Revenue</b>			
Revenue from operations	26	75,968.11	51,489.58
Other income	27	1,980.99	651.60
<b>Total revenue</b>		<b>77,949.10</b>	<b>52,141.18</b>
<b>Expenses</b>			
Cost of materials consumed	28	34,250.78	22,083.55
Purchase of traded goods	29	3,122.83	2,072.85
Changes in inventories of finished goods and work-in-progress	30	(550.45)	112.03
Excise duty on sale of goods		1,111.65	4,362.21
Employee benefits expenses	31	15,046.07	7,937.97
Finance costs	32	2,351.19	408.09
Depreciation and amortisation expense	6 & 7	3,942.50	2,615.04
Other expenses	33	13,522.71	9,291.63
<b>Total expenses</b>		<b>72,797.28</b>	<b>48,883.37</b>
<b>Profit before tax</b>		<b>5,151.82</b>	<b>3,257.81</b>
Tax expense	34		
Current tax		1,908.01	1,197.67
Deferred tax		(180.53)	(19.35)
Earlier years tax adjustments (net)		-	65.56
<b>Profit for the year</b>		<b>3,424.34</b>	<b>2,013.93</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Re-measurement gain on defined benefit plans		45.90	55.93
Change in fair value of equity instrument carried at fair value through other comprehensive income		(0.54)	2.03
Income tax relating to items that will not be reclassified to profit and loss		(15.88)	(19.36)
Items that will be reclassified to profit or loss			
Exchange differences on translating foreign operations		1,502.46	(1,663.78)
Income tax relating to items that will be reclassified to profit and loss		(398.13)	440.66
<b>Total comprehensive income for the year</b>		<b>4,558.15</b>	<b>829.41</b>
<b>Earnings per equity share (₹ 10 per share)</b>	35		
Basic (₹)		18.25	10.73
Diluted (₹)		18.25	10.73

Summary of significant accounting policies and accompanying notes form an integral part of these consolidated financial statements. This is the consolidated statement of profit or loss referred to in our report of even date

For O.P. Dadu & Co.  
Chartered Accountants  
Firm Registration No. 001201N

CA. Amit Gupta  
Partner  
Membership No. 094202

Place : New Delhi  
Date : 21 May 2018

Deep Kapuria  
Executive Chairman  
DIN 00006185

Vijay Mathur  
Chief Financial Officer

For and on behalf of  
The Hi-Tech Gears Limited

Pranav Kapuria  
Managing Director  
DIN 00006195

S. K. Khatri  
Company Secretary

# THE HI-TECH GEARS LIMITED



Consolidated cash flow statement for the year ended 31 March 2018

(₹ in lakhs)

Particulars	March 31, 2018	March 31, 2017
<b>A Cash flow from operating activities</b>		
Profit before tax	5,151.82	3,257.81
<b>Adjustments for:</b>		
Depreciation and amortisation expense	3,942.50	2,615.03
Gain on disposal of property, plant and equipment (net)	-	(28.73)
Interest income classified as investing cash flows	(65.19)	(143.68)
Income recognised on account of government assistance	(150.76)	(159.42)
Dividend income classified as investing cash flows	(0.05)	(0.11)
Provisions written back - trade receivables	(610.39)	(88.50)
Provision for doubtful debts	22.80	5.67
Unrealised foreign exchange loss	(32.74)	61.72
Unrealised profit / (loss) on mark to market of forward contracts	64.47	(80.95)
Finance costs	2,326.15	193.27
<b>Operating profit before working capital changes</b>	<b>10,648.61</b>	<b>5,632.11</b>
<b>Movement in working capital</b>		
(Increase) in inventories	(1,063.66)	(17.03)
Decrease/(increase) in other financial assets	38.67	(171.89)
(Increase) in trade receivables	(4,741.70)	(2,071.30)
Decrease/(increase) in other non-current assets	2.28	1.79
Decrease in other current assets	66.96	101.28
(Decrease)/increase in other financial liability	(5,321.37)	4,933.01
Increase in other current liability	8.07	(1,691.69)
Increase/(decrease) in provision	2,173.41	(42.06)
Increase in other non-current liabilities	76.92	-
Increase in trade and other payables	1,847.55	104.34
<b>Cash flow from operating activities post working capital changes</b>	<b>3,735.74</b>	<b>6,778.56</b>
Income tax paid (net)	(2,204.30)	(1,381.86)
<b>Net cash flow from operating activities (A)</b>	<b>1,531.44</b>	<b>5,396.70</b>
<b>B Cash flows from investing activities</b>		
Payment for acquisition of subsidiary, net of cash acquired	6.43	(10,139.08)
Payments for property, plant and equipment and capital work-in-progress	(6,621.07)	(1,629.84)
Proceeds from sale of property, plant and equipment	325.07	141.88
Payment for margin money and bank deposits	(930.85)	(528.87)
(Proceed)/repayment of loans and advances	(32.59)	35.53
Interest received	65.19	172.11
Dividend received	0.05	0.11
<b>Net cash used in investing activities (B)</b>	<b>(7,187.77)</b>	<b>(11,948.16)</b>
<b>C Cash flows from financing activities*</b>		
Finance cost paid	(2,276.25)	(195.52)
Proceeds from borrowings	4,870.04	3,418.65
Repayment of borrowings	(182.55)	(13.29)
Dividends paid (including tax)	(621.20)	(622.27)
<b>Net cash flow from financing activities (C)</b>	<b>1,790.04</b>	<b>2,587.57</b>
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(3,866.29)	(3,963.89)
Cash and cash equivalents at the beginning of the year	6,319.69	10,283.58
<b>Cash and cash equivalents at the end of the year</b>	<b>2,453.40</b>	<b>6,319.69</b>

\*Refer note 19 for reconciliation of liabilities arising from financing activities

Note: The above consolidated cash flow statement has been prepared under the "Indirect method" as set out in the Indian Accounting Standard (IND AS-7) statement of cash flow.

This is the consolidated cash flow statement referred to in our report of even date.

**For O.P. Dadu & Co.**  
Chartered Accountants  
Firm Registration No. 001201N

CA. Amit Gupta  
Partner  
Membership No. 094202

Place : New Delhi  
Date : 21 May 2018

Deep Kapuria  
Executive Chairman  
DIN 00006185

Vijay Mathur  
Chief Financial Officer

**For and on behalf of**  
The Hi-Tech Gears Limited

Pranav Kapuria  
Managing Director  
DIN 00006195

S. K. Khatri  
Company Secretary

# THE HI-TECH GEARS LIMITED

## Consolidated statement of changes in equity as at 31 March 2018

### A Equity Share capital\*

(₹ in lakhs)

Particulars	Opening balance as at 1 April 2016	Changes in equity share capital during the year	Balance as at 31 March 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
Equity share capital	1,876.80	-	1,876.80	-	1,876.80

### B Other Equity \*\*

(₹ in lakhs)

Particulars	Reserves and surplus		Other comprehensive income		Total
	General reserve	Retained earnings	Foreign currency translation reserve	FVOCI - equity investments	
<b>Balance as at 1 April 2016</b>	2,980.77	15,079.30	-	3.35	18,063.42
Profit for the period	-	2,013.93	-	-	2,013.93
Other comprehensive income for the year (net of tax impact)	-	36.57	(1,223.12)	2.03	(1,184.52)
Dividend paid during the year including tax impact refer note no.43	-	(622.27)	-	-	(622.27)
Transferred to General Reserve	100.00	(100.00)	-	-	-
<b>Balance as at 31 March 2017</b>	<b>3,080.77</b>	<b>16,407.53</b>	<b>(1,223.12)</b>	<b>5.38</b>	<b>18,270.56</b>
Profit for the period	-	3,424.34	-	-	3,424.34
Acquisition through business combination	-	(0.55)	-	-	(0.55)
Other comprehensive income for the year (net of tax impact)	-	30.01	1,104.33	(0.54)	1,133.80
Dividend paid during the year including tax impact refer note no.43	-	(621.20)	-	-	(621.20)
<b>Balance as at 31 March 2018</b>	<b>3,080.77</b>	<b>19,240.13</b>	<b>(118.79)</b>	<b>4.84</b>	<b>22,206.95</b>

\*Refer note 17 for details

\*\*Refer note 18 for details

For O.P. Dadu & Co.  
Chartered Accountants  
Firm Registration No. 001201N

CA. Amit Gupta  
Partner  
Membership No. 094202

Place : New Delhi  
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Deep Kapuria  
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For and on behalf of  
The Hi-Tech Gears Limited

Pranav Kapuria  
Managing Director  
DIN 00006195

S. K. Khatri  
Company Secretary





## Notes to the consolidated financial statements for the year ended 31 March 2018

### 1. Nature of operations

The Hi Tech Gears Limited ('the Company') together with its subsidiaries (collectively referred to as 'Group') is an auto component manufacturer (a Tier 1 supplier). The Company is domiciled in India and its corporate office is situated at 14th Floor, Tower-B, Millennium Plaza, Sushant Lok-I, Sector-27, Gurgaon-122002, Haryana, India.

#### General information and compliance with Ind AS

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Group has uniformly applied the accounting policies for the periods presented.

The consolidated financial statements for the year ended 31 March 2018 are the first consolidated financial statements which the Group has prepared in accordance with Ind AS. For all periods up to and including the year ended 31 March 2017, the Group had prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP), which have been adjusted for the differences in the accounting principles adopted by the Group on transition to Ind AS. For the purpose of comparatives, consolidated financial statements for the year ended 31 March 2017 and opening balance sheet as at 1 April 2016 are also prepared and presented as per Ind AS.

The consolidated financial statements for the year ended 31 March 2018 along with the comparative financial information were authorized and approved for issue by the Board of Directors on 21 May 2018. The revisions to the consolidated financial statements are permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

### 2. Basis of preparation

The consolidated financial statements have been prepared on going concern basis in accordance with generally accepted accounting principles in India. Further, the consolidated financial statements have been prepared on a historical cost basis except for following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefits (assets)/liability	Fair value of plan assets less present value of defined benefits obligations.

### 3. Recent accounting pronouncement

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 12, 'Income taxes', Ind AS 21, 'The effects of changes in foreign exchange rates and also introduced new revenue recognition standard Ind AS 115 'Revenue from contracts with customers'. These amendments rules are applicable to the Group from 1 April 2018.

#### Ind AS 115 'Revenue from Contracts with Customers' (Ind AS 115)

Ministry of Corporate Affairs ('MCA') has notified new standard for revenue recognition which overhauls the existing revenue recognition guidance and supersedes Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:

1. Identification of the contracts with the customer
2. Identification of the performance obligations in the contract
3. Determination of the transaction price
4. Allocation of transaction price to the performance obligations in the contract (as identified in step ii)
5. Recognition of revenue when performance obligation is satisfied.

The management is yet to assess the impact of this new standard on the Group's consolidated financial statements.

#### Amendment to Ind AS 12

The amendment to Ind AS 12 requires the entities to consider restriction in tax laws in sources of taxable profit against which entity may make deductions on reversal of deductible temporary difference (may or may not have arisen from same source) and also consider probable future taxable profit. The Group is evaluating the requirements of the amendment and its impact on the consolidated financial statements.

#### Amendment to Ind AS 21

The amendment to Ind AS 21 requires the entities to consider exchange rate on the date of initial recognition of advance consideration (asset/liability), for recognising related expense/income on the settlement of said asset/liability. The Group is evaluating the requirements of the amendment and its impact on the consolidated financial statements.

### 4. Basis of consolidation

#### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an

entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Group can have power over the investee even if it owns less than majority voting rights i.e. rights arising from other contractual arrangements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Statement of profit and loss (including other comprehensive income ('OCI')) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests, presented as part of equity, represents the portion of a subsidiary's statement of profit and loss and net assets that is not held by the Group. Statement of profit and loss (including other comprehensive income ('OCI')) is attributed to the equity holders of the Company and to the non-controlling interests' basis their respective ownership interests and such balance is attributed even if this results in controlling interests having a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. Such a change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

**5. Summary of significant accounting policies**

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below. These were used throughout all periods presented in the consolidated financial statements, except where the Group has applied certain exemptions upon transition to Ind AS, as summarised in note 49.

**5.1 Current versus non-current classification**

All assets and liabilities have been classified as current

or non-current as per the Group's operating cycle and other criteria set out in the Companies Act, 2013.

**5.2 Property, plant and equipment (PPE)**

*Recognition and initial measurement*

Properties plant and equipment are stated at their cost of acquisition. Any trade discount and rebates are deducted in arriving at the purchase price. Property, plant and equipment purchased on deferred payment basis are recorded at equivalent cash price. The difference between the cash price equivalent and the amount payable is recognised as interest expense over the deferred payment period.

Spares having useful life of more than one year and having material value in each case, are capitalised under the respective heads as and when available for use.

*Subsequent measurement (depreciation and useful lives)*

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Taking into account these factors, the Company have decided to apply depreciation on Buildings and Plant and Equipment 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 and on rest of the property, plant and equipment 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.

*De-recognition*

An item of property, plant and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset/significant component (calculated as the difference between the net disposal proceeds and the carrying amount of the asset/significant component) is recognised in statement of profit and loss, when the asset is derecognised.

In respect of subsidiary companies, Property, plant and equipment are recorded at cost less applicable investment tax credits and accumulated amortisation.

Depreciation is recorded over the estimated useful lives of the assets at the following annual rates:

Buildings	- 4% declining balance
Automobiles	- 20% declining balance
Dies and tooling	- 10% declining balance
Manufacturing equipment	- 10% declining balance
Office equipment	- 20% declining balance
Leasehold improvements	- As per term of the lease
Furniture & Fixtures	- 20% declining balance



### 5.3 Intangible assets

#### **Goodwill**

Goodwill is an asset that represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is assigned as of the date of acquisition. Goodwill is not amortized. Goodwill is tested for impairment at least annually. When the carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use, an impairment loss is recognized in an amount equal to the excess. The impairment loss, however, cannot exceed the carrying amount of goodwill.

#### **Other intangible assets**

Recognition and initial measurement

Intangible assets purchased, including those acquired in business combinations, are measured at cost or fair value as of the date of acquisition where applicable less accumulated amortization and accumulated impairment, if any.

#### *Subsequent measurement (amortisation)*

Computer Software 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. In respect of subsidiary companies, Customer relationships, non-competition arrangements and brand names are recorded at cost less accumulated amortisation and are amortised on a straight line basis over their estimated useful lives as follows:

Estimated useful lives of assets are as follows:

Type of asset	Estimated useful life
Computer software	5 years
Customer relationship	16 years
Non-compete arrangement	5 years
Brand name	2 years

### 5.4 Inventories

Inventories are valued as follows:

#### *Raw materials, loose tools and stores and spares*

Raw materials, loose tools and stores and spares are valued at lower of cost and net realizable value. Cost of raw materials, loose tools and stores and spares is determined on a FIFO (First in first out) basis.

#### *Work-in-progress and finished goods*

Work-in-progress and finished goods is measured at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

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

### 5.5 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of rebate and taxes. The Group applies the revenue recognition criteria to each separately identifiable component of the revenue transaction as set out below.

#### *Sale of goods*

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Group collects sales taxes, value added taxes ('VAT') and Goods and Service Tax ('GST') on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

#### *Export benefits*

Export benefits constituting Duty Draw back and Export Promotion Capital Goods scheme (EPCG) are accounted for on accrual basis when there is reasonable assurance that the Group will comply with the conditions attached to them and the export benefits will be received. Export benefits under Duty Draw back scheme and EPCG are considered as other operating income.

#### *Interest*

Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

### 5.6 Borrowing costs

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.

### 5.7 Leases

#### *Group as a lessee*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the

minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. Contingent rentals are recognised as expenses in the periods in which they are incurred. Lease management fees, legal charges and other initial direct costs are capitalized.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost.

#### *Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except in case where lease rentals are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

### **5.8 Impairment of non-financial assets**

At each reporting date, the Group assesses whether there is any indication based on internal/external factors, that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount. The carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss

no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

### **5.9 Foreign currency**

#### *Functional and presentation currency*

The consolidated financial statements are presented in Indian Rupee ('₹') which is also the functional and presentation currency of the Company.

#### *Initial recognition*

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

#### *Conversion*

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

#### *Exchange difference*

Exchange differences arising on settlement of transactions are recognized as income or expense in the year in which they arise. However, the company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard-11 notified by Government of India on 31st March, 2009 (as amended on 29th December 2011), which will continue in accordance with Ind-AS 101 for all pre-existing long term foreign currency monetary items as at 31st March 2017. Accordingly, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of fixed assets, are adjusted in the carrying amount of such assets.

### **5.10 Financial instruments**

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.





## Non-derivative financial assets

### *Subsequent measurement*

i. **Financial assets carried at amortised cost** – A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

ii. **Investments in equity instruments** – Investments in equity instruments which are held for trading are classified at Fair Value Through Profit or Loss (FVTPL). For all other equity instruments, the Group makes an irrevocable choice upon initial recognition, on an instrument by instrument basis, to classify the same either as at Fair Value through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVTPL). Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. However, the Group transfers the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

### *De-recognition of financial assets*

A financial asset is primarily de-recognised when the contractual rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

## Non-derivative financial liabilities

### *Subsequent measurement*

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

### *De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

## Forward contracts

The Group has entered into certain forward (derivative) contracts to hedge risks which are not designated as hedges. These derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Any profit or loss arising on cancellation or renewal of such derivative contract is recognised as income or as expense in statement of profit and loss.

## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 5.11 Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets. The Group assesses on forward looking basis the expected credit losses associated with its assets and impairment methodology applied depends on whether there has been a significant increase in credit risk.

### *Trade receivables*

In respect of trade receivables, the Group applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

### *Other financial assets*

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort..

## 5.12 Income taxes

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax



except the ones recognized in other comprehensive income or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit and loss (either in other comprehensive income or in equity).

#### **5.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, balance with banks in current in current accounts and other short term highly liquid investments with original maturity of three months and less.

#### **5.14 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 Property, plant and equipment.

#### **5.15 Employee benefits**

##### *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.

##### *Defined Contribution Plan*

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Group has no further obligations. 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.

##### *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 gains/losses resulting from re-measurements of the liability are included in other comprehensive income.

The retirement benefit obligation recognized in the Consolidated 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 in India makes annual contribution to the Employee's 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.

##### *Other long-term employee benefits*

Liability in respect of leave encashment becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of discounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of leave encashment becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the year in which such gains or losses are determined.

#### **5.16 Provisions**

Provisions are recognized when the Group has a present obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best



estimates of the obligation. Provisions are discounted to their present values, where the time value of money is material.

#### 5.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

#### 5.18 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.

#### 5.19 Significant management judgement and estimates

When preparing the consolidated financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses

##### *Significant management judgements*

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

**Identification and Classification of leases-** The Group enters into take or pay arrangements and leasing arrangements for use of various assets. The identification of arrangement as a lease and subsequent classification of leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

**Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilized.

**Evaluation of indicators for impairment of assets -** The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Contingent liabilities** – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

##### *Significant estimates*

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

**Government grants** – Grants receivables are based on estimates for utilisation of grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted prospectively over the balance life of asset.

**Defined benefit obligation (DBO)** – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Useful lives of depreciable/amortisable assets** – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

**Provisions** – estimate for provisions recognised is based on management best estimate of the expenditure required to settle the present obligation at the year end and is based on historical experience, expected changes in economic conditions, changes in exchange rates.

**Fair value measurements**– Management applies valuation techniques to determine the fair value of financial instruments such as derivatives. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**Note - 6**  
**Property, plant and equipment**

(₹ in lakhs)

Particulars	Freehold land	Leasehold land	Residential flats	Building	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total	Capital work in progress
<b>Gross block</b>										
At 1 April 2016	3,866.13	185.92	57.55	4,026.12	30,430.45	271.05	587.49	475.03	39,899.74	252.58
Additions	262.08	-	-	-	1,323.11	5.26	42.48	-	1,632.93	281.07
Acquisition through business combination	3,995.08	-	-	3,725.13	4,753.24	-	9.73	54.64	12,537.82	843.88
Net exchange differences	(161.89)	-	-	(141.46)	(166.13)	-	(0.37)	(1.73)	(471.58)	(34.51)
Disposals	-	-	-	-	(272.63)	-	(0.74)	(92.03)	(365.40)	(252.58)
<b>Balance as at 31 March 2017</b>	<b>7,961.40</b>	<b>185.92</b>	<b>57.55</b>	<b>7,609.79</b>	<b>36,068.04</b>	<b>276.31</b>	<b>638.59</b>	<b>435.91</b>	<b>53,233.51</b>	<b>1,090.44</b>
Additions	-	-	-	-	2,258.83	2.52	117.45	-	2,378.80	148.55
Acquisition through business combination	281.41	-	-	844.81	780.82	54.69	2.27	104.43	2,068.43	285.30
Net exchange differences	233.07	-	-	215.81	252.30	1.04	0.55	5.15	707.92	53.86
Disposals	-	-	-	-	(425.33)	-	(0.27)	-	(425.60)	(287.37)
<b>Balance as at 31 March 2018</b>	<b>8,475.88</b>	<b>185.92</b>	<b>57.55</b>	<b>8,670.41</b>	<b>38,934.66</b>	<b>334.56</b>	<b>758.59</b>	<b>545.49</b>	<b>57,963.06</b>	<b>1,290.78</b>
<b>Accumulated depreciation</b>										
At 1 April 2016	-	5.13	15.50	951.88	19,794.52	231.44	537.93	367.20	21,903.60	-
Charge for the year	-	2.56	0.90	119.06	2,311.27	10.68	26.75	32.75	2,503.97	-
Acquisition through business combination	-	-	-	13.69	43.33	-	0.17	0.72	57.91	-
Net exchange differences	-	-	-	1.11	13.22	-	0.01	(0.04)	14.30	-
Adjustments for disposals	-	-	-	-	(164.12)	-	(0.70)	(87.42)	(252.24)	-
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>7.69</b>	<b>16.40</b>	<b>1,085.74</b>	<b>21,998.22</b>	<b>242.12</b>	<b>564.16</b>	<b>313.21</b>	<b>24,227.54</b>	<b>-</b>
Charge for the year	-	1.80	0.90	310.87	2,851.99	18.16	75.34	46.31	3,305.37	-
Net exchange differences	-	-	-	0.62	(22.35)	0.21	0.04	0.52	(20.96)	-
Adjustments for disposals	-	-	-	-	(387.65)	-	(0.25)	-	(387.90)	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>9.49</b>	<b>17.30</b>	<b>1,397.23</b>	<b>24,440.21</b>	<b>260.49</b>	<b>639.29</b>	<b>360.04</b>	<b>27,124.05</b>	<b>-</b>
<b>Net block as at 1 April 2016*</b>	<b>3,866.13</b>	<b>180.79</b>	<b>42.05</b>	<b>3,074.24</b>	<b>10,635.93</b>	<b>39.61</b>	<b>49.56</b>	<b>107.83</b>	<b>17,996.14</b>	<b>252.58</b>
<b>Net block as at 31 March 2017</b>	<b>7,961.40</b>	<b>178.23</b>	<b>41.15</b>	<b>6,524.05</b>	<b>14,069.82</b>	<b>34.19</b>	<b>74.43</b>	<b>122.70</b>	<b>29,005.97</b>	<b>1,090.44</b>
<b>Net block as at 31 March 2018</b>	<b>8,475.88</b>	<b>176.43</b>	<b>40.25</b>	<b>7,273.18</b>	<b>14,494.45</b>	<b>74.07</b>	<b>119.30</b>	<b>185.45</b>	<b>30,839.01</b>	<b>1,290.78</b>

\* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.



**Note - 7**  
**Intangible assets**

(₹ in lakhs)

Particulars	Customer relationship and brand name	Non-compete fees	Softwares	Total	Goodwill
<b>Gross block</b>					
At 1 April 2016	-	-	777.57	777.57	-
Additions	-	-	1.87	1.87	-
Acquisition through business combination	7,098.52	99.28	-	7,197.80	4,557.97
Net exchange differences	(290.29)	(4.06)	-	(294.35)	(186.40)
Disposals	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	<b>6,808.23</b>	<b>95.22</b>	<b>779.44</b>	<b>7,682.89</b>	<b>4,371.57</b>
Additions	-	-	179.44	179.44	-
Net exchange differences	407.55	5.70	-	413.25	261.69
<b>Balance as at 31 March 2018</b>	<b>7,215.78</b>	<b>100.92</b>	<b>958.88</b>	<b>8,275.58</b>	<b>4,633.26</b>
<b>Accumulated amortisation</b>					
At 1 April 2016	-	-	736.09	736.09	-
Amortisation charge for the year	47.79	1.72	3.64	53.15	-
Net exchange differences	(2.83)	(0.10)	-	(2.93)	-
<b>Balance as at 31 March 2017</b>	<b>44.96</b>	<b>1.62</b>	<b>739.73</b>	<b>786.31</b>	-
Charge for the year	-	-	-	-	-
Amortisation charge for the year	550.62	19.80	66.72	637.14	-
Net exchange differences	13.14	0.47	-	13.61	-
<b>Balance as at 31 March 2018</b>	<b>608.72</b>	<b>21.89</b>	<b>806.45</b>	<b>1,437.06</b>	-
<b>Net block as at 1 April 2016*</b>	-	-	<b>41.48</b>	<b>41.48</b>	-
<b>Net block as at 31 March 2017</b>	<b>6,763.27</b>	<b>93.60</b>	<b>39.71</b>	<b>6,896.58</b>	<b>4,371.57</b>
<b>Net block as at 31 March 2018</b>	<b>6,607.06</b>	<b>79.03</b>	<b>152.43</b>	<b>6,838.52</b>	<b>4,633.26</b>

\* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated amortisation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

**Note - 8**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Investments - non-current</b>			
<b>Equity instruments</b>			
<b>Trade investment (unquoted, at cost)</b>			
Neo-Tech Auto System, Inc., USA*			
1,000,000 common shares of USD \$0.01 each (1,000,000 common shares acquired on 21st September 2017, previous year 31 March 2017 and 1 April 2016 application money paid for 1,000,000 shares) fully paid up.	-	6.43	6.43
<b>Other investment (quoted, at market value)**</b>			
2100 Equity shares of ₹ 10/- each fully paid up of State Bank of India (previous year 31 March 2017 and 1 April 2016: 750 Equity shares of ₹ 10/- each fully paid up of State Bank of Bikaner and Jaipur).	5.25	5.79	3.75
	<b>5.25</b>	<b>12.22</b>	<b>10.18</b>
Aggregate amount of quoted investments	0.41	0.41	0.41
Aggregate market value of quoted investments	5.25	5.79	3.75
Aggregate amount of unquoted investments	-	6.43	6.43
Aggregate value of impairment in the value of investments	-	-	-

\*Amount showing investment made in Neo-Tech Auto System, Inc., USA of \$ 10,000, for which allotment has been made on 21 September 2017.

\*\* During the year 750 Equity shares of State Bank of Bikaner and Jaipur has been converted into 2100 Equity shares of State bank of India.

**Note - 9**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Loans - non current (Unsecured, considered good)</b>			
Security deposits	166.44	146.11	163.66
Loans to employees	12.85	15.06	15.97
	<b>179.29</b>	<b>161.17</b>	<b>179.63</b>
<b>B Loans - current (Unsecured, considered good)</b>			
Security deposits	34.63	27.33	37.89
Loans to employees	43.30	44.62	45.26
	<b>77.93</b>	<b>71.95</b>	<b>83.15</b>

**Note - 10**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Other financial assets - non-current (Unsecured, considered good)</b>			
Balance held as margin money (against letter of credit and bank guarantees)*	1.40	8.72	56.35
	<b>1.40</b>	<b>8.72</b>	<b>56.35</b>
*Margin money deposits having original maturity of more than 12 months.			
<b>B Other financial assets - current (Unsecured, considered good)</b>			
Earnest money deposit	0.40	0.40	0.40
Derivative assets	2.96	125.24	-
Amount receivable*	700.88	681.75	504.85
	<b>704.24</b>	<b>807.39</b>	<b>505.25</b>

\*It includes amount receivable from customers for new product development like making, changing in nature of specific components on demand of customers, insurance claim receivable, provision for rate revision in case of steel cost.

**Note - 11**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Other non-current assets (Unsecured, considered good)</b>			
Capital advance*	646.90	530.41	126.02
Prepaid expenses	16.76	19.05	7.18
	<b>663.66</b>	<b>549.46</b>	<b>133.20</b>
*For capital commitments refer Note - 42			
<b>B Other current assets (Unsecured, considered good)</b>			
Advances to suppliers	201.77	241.08	334.31
Prepaid expenses	285.27	260.50	127.12
Balance with government authorities	947.72	1,000.15	858.86
	<b>1,434.76</b>	<b>1,501.73</b>	<b>1,320.29</b>

**Note - 12**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Inventories (Lower of cost or net realizable value)</b>			
Finished goods in transit	579.57	468.69	396.22
Raw materials and components	1,544.10	1,110.77	364.54
Stores and spares	2,162.70	2,089.31	1,281.98
Work-in-progress	2,403.43	1,963.87	1,170.01
Scrap (at realizable value)	6.51	-	-
	<b>6,696.31</b>	<b>5,632.64</b>	<b>3,212.75</b>




**Note - 13**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Trade receivables* (Unsecured)</b>			
Considered good	15,421.09	10,632.68	7,110.43
Considered doubtful	40.64	43.61	151.20
Less: Impairment allowance (allowance for bad and doubtful debts)			
Considered good	(70.67)	(47.87)	(87.23)
Considered doubtful	(40.64)	(43.61)	(151.20)
	<b>15,350.42</b>	<b>10,584.81</b>	<b>7,023.20</b>

\*For related party balances refer Note - 38

**Note - 14**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Cash and cash equivalents</b>			
Cash on hand	7.20	10.40	11.39
Balances with banks			
In current accounts	2,446.20	6,309.29	900.70
Bank deposits with original maturity less than three months	-	-	500.00
	<b>2,453.40</b>	<b>6,319.69</b>	<b>1,412.09</b>

**Note - 15**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Other bank balances</b>			
Margin money	91.96	101.53	160.20
Standard Chartered Bank- DSRA a/c*	637.00	500.00	-
Bank deposits with maturity of more than three months and upto twelve months	916.72	105.74	-
Unpaid dividend	12.78	13.01	12.01
	<b>1,658.46</b>	<b>720.28</b>	<b>172.21</b>

\*Includes balance lying in Debt Service Reserve Account (DSRA) a/c, which is charged to lender pursuant to the facility agreement (refer note 19 borrowings current for details)

**Note - 16**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Current tax assets (net)</b>			
Advance income tax	3,535.56	1,423.38	269.94
Less: Provision for taxation	(2,945.89)	(1,130.00)	-
	<b>589.67</b>	<b>293.38</b>	<b>269.94</b>

**Note - 17**

(₹ in lakhs)

	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
<b>Equity share capital</b>						
<b>i Authorised</b>						
20,000,000 Equity shares of ₹ 10/- each with voting rights	20000000	2,000.00	20000000	2,000.00	20000000	2,000.00
		<b>2,000.00</b>		<b>2,000.00</b>		<b>2,000.00</b>
<b>ii Issued, subscribed and fully paid up</b>						
Equity share capital of face value of ₹ 10 each	18768000	1,876.80	18768000	1,876.80	18768000	1,876.80
		<b>1,876.80</b>		<b>1,876.80</b>		<b>1,876.80</b>

(₹ in lakhs)

iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year	31 March 2018		31 March 2017		1 April 2016	
	Number	Amount	Number	Amount	Number	Amount
<b>Equity shares</b>						
Balance at the beginning of the year	18768000	1,876.80	18768000	1,876.80	18768000	1,876.80
Add : Shares issued during the year	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>18768000</b>	<b>1,876.80</b>	<b>18768000</b>	<b>1,876.80</b>	<b>18768000</b>	<b>1,876.80</b>

**iv Rights, preferences and restrictions attached to equity shares**

The Company has one class of equity shares with paid up value of ₹ 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 and 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.

**v Details of shareholder holding more than 5% share capital**

Name of the equity shareholders	31 March 2018		31 March 2017		1 April 2016	
	Number	%	Number	%	Number	%
Vulcan Electro Controls Limited	1082000	5.77%	1082000	5.77%	1082000	5.77%
Olympus Electrical Industries Private Limited	1745200	9.30%	1745200	9.30%	1745200	9.30%
Hi-Tech Portfolio Investments Limited	1971876	10.51%	1971876	10.51%	1971876	10.51%
Mr. Deep Kapuria	3117461	16.61%	3117461	16.61%	3117461	16.61%

**vi Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, by way of bonus shares and shares bought back for the period of 5 years immediately preceding the balance sheet date**

The Company has not issued any shares pursuant to contract(s) without payment being received in cash.

The bonus issue is made by capitalisation of profit. However no bonus issues have been done in preceding 5 years

The Company has not undertaken any buy back of shares.

**Note - 18****Other equity\*****(I) Nature and purpose of other reserves****General reserve**

General reserve is created out of the accumulated profits of the Company as per the provisions of Companies Act.

**Retained earnings**

All the profits made by the Company are transferred to retained earnings from statement of profit and loss.

**Other comprehensive income**

Other comprehensive income represents balance arising on account of changes in fair value of equity instruments carried at fair value through other comprehensive income, gain/(loss) booked on re-measurement of defined benefit plans and exchange differences on translating foreign operations.

\* Refer Part B (Other equity) of consolidated statement of changes in equity as at 31 March, 2018.



**Note - 19**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Borrowings non-current</b>			
<b>Secured</b>			
Term loans			
From banks			
External commercial borrowing	27,460.53	24,266.67	-
Vehicle loan	-	13.35	28.09
Housing loan	674.09	-	-
From others			
Long term maturities of finance lease obligations	216.30	-	-
Vehicle loan	93.14	-	-
	<b>28,444.06</b>	<b>24,280.02</b>	<b>28.09</b>

Refer following table for terms of repayment of non-current borrowings (including current maturities thereof)

(₹ in lakhs)

Particulars	Nature of security	Terms of repayment	31 March 2018	31 March 2017	1 April 2016
<b>Secured</b>					
<b>External commercial borrowing</b>					
Standard Chartered Bank (USD 12,000,000) through IDBI Trusteeship Limited.	First ranking charge by way of DSRA assets. First ranking pari passu charge over the present and future movable fixed assets of the Holding Company. First ranking pari passu charge over the immovable properties situated at unit no. 24-26, Sector 7, IMT Manesar, unit no. SPL- 146 A RIICO Industrial Area, Bhiwadi with all buildings and structures and plant and machinery both present and future.	Quarterly repayment starts from February 2019. 5 instalments @ 3.5% of loan amount. 4 instalments @ 4% of loan amount. 12 instalment @ 5.5% of loan amount.	8,024.40	8,018.40	-
<b>Interest rate</b>			<b>LIBOR+ 3.29% p.a.</b>	<b>LIBOR+ 3.29% p.a.</b>	-
IAM - Security assets dealt along with their value as on closing date.	First fixed charge on all fixed assets of the Company, 2545887 Ontario Inc. and working capital assets except that bank operating facility will rank senior on accounts receivable and Inventory	108 equal monthly instalments of CAD 324074.00 starting from March 2018	17,497.47	17,342.50	-
<b>Interest rate</b>			<b>6.00% p.a.</b>	<b>6.00% p.a.</b>	-
Standard Chartered Bank (USD 7,561,789) through IDBI Trusteeship Limited.	First ranking charge by way of DSRA assets. First ranking pari passu charge over the present and future movable fixed assets of the Holding Company. First ranking pari passu charge over the immovable properties situated at unit no. 24-26, Sector 7, IMT Manesar, unit no. SPL- 146 A RIICO Industrial Area, Bhiwadi with all buildings and structures and plant and machinery both present and future.	Quarterly repayment starts from February 2019. 5 instalments @ 3.5% of loan amount. 4 instalments @ 4% of loan amount. 12 instalment @ 5.5% of loan amount.	5,056.57	-	-
<b>Interest rate</b>			<b>LIBOR+ 3.00% p.a.</b>	-	-

(₹ in lakhs)

Particulars	Nature of security	Terms of repayment	31 March 2018	31 March 2017	1 April 2016
<b>Housing Loan</b> 'Canadian Imperial Bank of Commerce	Hypothecation of residential house property at 6 Carlaw Place, Guelph, Ontario, Canada.	300 monthly instalments of CAD 6784.22 @ 2.89% p.a. interest is fixed @2.89% p.a for 60 months starting May 2017, thereafter will become floating rate.	715.16	-	-
<b>Interest rate</b>			<b>2.89% p.a.</b>	-	-
<b>Vehicle loan</b> Travellers finance	Hypothecation of specific car.	60 monthly instalments of CAD 2324.61	52.99	-	-
<b>Interest rate</b>			<b>4.88% p.a.</b>	-	-
Audi finance	Hypothecation of specific car.	60 monthly instalments of CAD 1686.77	40.15	-	-
<b>Interest rate</b>			<b>3.90% p.a.</b>	-	-
ICICI bank	Hypothecation of specific car.	60 monthly equal instalments of INR. 53,871.	5.00	10.62	15.68
<b>Interest rate</b>			<b>10.50% p.a.</b>	<b>10.50% p.a.</b>	<b>10.50% p.a.</b>
Kotak Mahindra Prime Limited	Hypothecation of specific car.	36 monthly equal instalments of INR. 87,461.	8.35	17.47	25.70
<b>Interest rate</b>			<b>10.30% p.a.</b>	<b>10.30% p.a.</b>	<b>10.30% p.a.</b>
Long term maturities of finance lease obligation	Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.	Monthly instalments	246.81	-	-
<b>Interest rate</b>			<b>6.25% p.a</b>	-	-
Unamortised upfront fees on borrowing			(937.86)	(957.12)	-
<b>Total borrowings</b>			<b>30,709.05</b>	<b>24,431.86</b>	<b>41.38</b>
Less: Current maturity of long term loan			2,264.99	151.84	13.29
<b>Non current borrowings</b>			<b>28,444.06</b>	<b>24,280.02</b>	<b>28.09</b>



(₹ in lakhs)

<b>B Borrowings - current</b> <b>Secured loans</b> Working capital loans repayable on demand From banks	31 March 2018	31 March 2017	1 April 2016
	5,852.03	7,437.34	4,113.32
	<b>5,852.03</b>	<b>7,437.34</b>	<b>4,113.32</b>

(₹ in lakhs)

Particulars	Nature of security	Interest rate	31 March 2018	31 March 2017	1 April 2016
Citi bank, national association	First pari passu charge on present and future stocks and book debts of the Holding Company. Second pari passu charge on present and future fixed assets of the Group. Second pari passu charge by way of equitable mortgage on land and building located at A-589, Industrial Complex, Bhiwadi.	9.75% p.a. (previous year 11.25% p.a.)	2,018.82	1,054.80	1,389.73
Citi bank-packing credit	First pari passu charge on present and future stocks and book debts of the Holding Company. Second pari passu charge on present and future fixed assets of the Holding Company. Second pari passu charge by way of equitable mortgage on land and building located at A-589, Industrial Complex, Bhiwadi.	5.20% p.a (previous year 6.00% p.a.)	1,200.00	1,200.00	1,200.00
Standard chartered bank-packing credit	First pari passu charge over stock and book debts of the borrower both present and future. Second pari passu charge on movable fixed assets (excluding the assets specifically charged to other lenders) for working capital facilities. Second pari passu charge on immovable fixed assets at A-589, RIICO, Bhiwadi.	5.20% p.a. (previous year 6.00% p.a.)	900.00	1,400.00	400.00
State Bank of India-packing credit	First pari passu charge on all present and future current asset of the Holding Company. Second pari passu charge over the present and future fixed assets of the Holding Company.	5.55% p.a (previous year 8.55% p.a.)	603.27	800.00	-



(₹ in lakhs)

Particulars	Nature of security	Terms of repayment	31 March 2018	31 March 2017	1 April 2016
State Bank of India	First pari passu charge on all present and future current asset of the Holding Company. Second pari passu charge over the present and future fixed assets of the Holding Company.	9.25% p.a	905.02	274.46	679.82
ICICI Bank Limited	First charge by way of hypothecation of the Holding Company entire stocks of raw materials, semi finished and finished goods, consumables stores and spares and such other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the Bank, ranking pari passu with other participating banks. Second pari passu charge on immovable fixed assets of the Holding Company by way of equitable mortgage on property situated at A-589, Industrial Complex, Bhiwadi.	9.75% p.a. (previous year 11.31% p.a.)	59.88	0.14	1.06
CIBC Canada	First charge on accounts receivable and inventory of Teutech Industries Inc, Canada.	Prime rate +0.5%. currently prime rate is around 3.45% p.a.(previous year prime rate is 3.50% p.a.)	165.04	2,298.58	-
Citi bank, national association, Nassau	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. Further secured by first parri passu charge on present and future stocks and book debts of the Holding Company. Second pari passu charge on present and future fixed assets of the Holding Company. Second pari passu charge by way of equitable mortgage on land and building located at A-589, Industrial Complex, Bhiwadi.	Libor+1.25% p.a	-	409.36	442.71
<b>Total</b>			<b>5,852.03</b>	<b>7,437.34</b>	<b>4113.32</b>



## Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

(₹ in lakhs)

Particulars	Long-term borrowings	Short-term borrowings	Lease obligations	Total
<b>1 April 2016</b>	41.37	4,113.32	-	<b>4,154.69</b>
<b>Cash flows :</b>				
- Repayment	(13.29)	-	-	(13.29)
- Proceeds	25,234.56	3,324.02	-	28,558.58
- Foreign exchange	-	-	-	-
Non cash:				
- Fair value	(830.78)	-	-	(830.78)
<b>31 March 2017</b>	<b>24,431.87</b>	<b>7,437.34</b>	-	<b>31,869.20</b>
<b>Cash flows :</b>				
- Repayment	(182.55)	(409.36)	-	(591.91)
- Proceeds	6,212.93	(1,175.95)	246.81	5,283.80
<b>31 March 2018</b>	<b>30,462.25</b>	<b>5,852.03</b>	<b>246.81</b>	<b>36,561.08</b>

### Note - 20

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Provisions - non-current</b>			
Employees' post retirement/long-term benefits			
Compensated absences	334.30	338.80	318.69
	<b>334.30</b>	<b>338.80</b>	<b>318.69</b>

For movements in each class of provision during the financial year, refer note 45

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>B Provisions - current</b>			
Employees' post retirement/long-term benefits			
Gratuity	14.39	27.34	23.58
Compensated absences	52.17	44.85	39.71
Provision on rate difference	277.95	242.83	247.31
	<b>344.51</b>	<b>315.02</b>	<b>310.60</b>

For movements in each class of provision during the financial year, refer note 45 and 46

### Note - 21

(₹ in lakhs)

Deferred tax assets (net)	31 March 2018	31 March 2017	1 April 2016
Deferred tax liabilities arising on account of :			
Depreciation and amortisation	-	(359.62)	-
Derivatives not designated as hedges	-	(10.33)	-
Foreign currency translation reserve	-	451.54	-
Processing fee netted off from borrowing	-	0.99	-
	-	<b>82.58</b>	-

Deferred tax liabilities (net)	31 March 2018	31 March 2017	1 April 2016
Deferred tax liabilities arising on account of :			
Deferred government grant	52.17	152.70	207.88
Depreciation and amortisation	778.98	506.67	584.44
Derivatives not designated as hedges	(16.38)	30.38	-
Deferred tax asset arising on account of :			
Employee benefits:			
Provision for leave encashment	(133.75)	(132.77)	(124.04)
Provision for bonus	(106.38)	(102.84)	(100.74)
Provision for doubtful debts and advances	(38.52)	(31.66)	(82.51)
Provision for rate difference	(103.53)	(84.04)	(85.59)
Foreign currency translation reserve	(53.55)	-	-
Plant and machinery recognised on account of government grant	(52.17)	(152.71)	(207.88)
	<b>326.87</b>	<b>185.73</b>	<b>191.56</b>

## (i) Movement in deferred tax liabilities (net)

(₹ in lakhs)

Particulars	31 March 2017	Recognised/ reversed through profit and loss	Recognised/ obligations reversed in other comprehensive income	31 March 2018
<b>Liabilities</b>				
Deferred government grant	152.70	(100.53)	-	52.17
Depreciation and amortisation	866.29	(94.02)	6.71	778.98
Derivatives not designated as hedges	40.71	(56.76)	(0.33)	(16.38)
<b>Assets</b>				
Provision for leave encashment	(132.77)	(0.98)	-	(133.75)
Provision for bonus	(102.84)	(3.54)	-	(106.38)
Provision for doubtful debts and advances	(31.66)	(6.86)	-	(38.52)
Provision for rate difference	(84.04)	(19.51)	-	(103.53)
Foreign currency translation reserve	(451.54)	-	391.89	(53.55)
Plant and machinery recognised on account of government grant	(152.71)	100.54	-	(52.17)
Financial instruments measured at amortised cost	(0.99)	1.13	(0.14)	-
<b>Total</b>	<b>103.15</b>	<b>(180.54)</b>	<b>398.13</b>	<b>326.86</b>

(₹ in lakhs)

Particulars	1 April 2016	Acquired through business combination	Recognised/ reversed through profit and loss	Recognised/ reversed in other comprehensive income	31 March 2017
<b>Liabilities</b>					
Deferred government grant	207.88	-	(55.18)	-	152.70
Depreciation and amortisation	584.44	383.69	(90.28)	(11.56)	866.29
Derivatives not designated as hedges	-	10.66	30.38	(0.33)	40.71
<b>Assets</b>					
Provision for leave encashment	(124.04)	-	(8.74)	-	(132.77)
Provision for bonus	(100.74)	-	(2.10)	-	(102.84)
Provision for doubtful debts and advances	(82.51)	-	50.85	-	(31.66)
Provision for rate difference	(85.59)	-	1.55	-	(84.04)
Foreign currency translation reserve	-	(22.75)	-	(428.79)	(451.54)
Plant and machinery recognised on account of government grant	(207.88)	-	55.17	-	(152.71)
Financial instruments measured at amortised cost	-	-	(1.01)	0.02	(0.99)
<b>Total</b>	<b>191.56</b>	<b>371.60</b>	<b>(19.35)</b>	<b>(440.66)</b>	<b>103.15</b>

## Note - 22

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>A Other non - current liabilities</b>			
Deferred income*	367.40	441.24	600.66
	<b>367.40</b>	<b>441.24</b>	<b>600.66</b>

\* Represents government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of property, plant and equipment's accounted for as government grant and being amortised over the useful life of such assets.



(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>B Other current liabilities</b>			
Payable to statutory authorities	366.79	287.26	167.98
Advance from customers	626.53	698.00	725.21
	<b>993.32</b>	<b>985.26</b>	<b>893.19</b>

**Note - 23**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Trade payables</b>			
Due to micro and small enterprises*	164.38	89.93	107.12
Due to others	7,403.44	5,624.86	3,751.75
	<b>7,567.82</b>	<b>5,714.79</b>	<b>3,858.87</b>

\*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31 March 2018, 31 March 2017 and 1 April 2016:

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
i Principal amount remaining unpaid to any supplier as at the end of the accounting year;	161.83	89.87	107.12
ii Interest due thereon remaining unpaid to any supplier as at the end of the accounting year;	2.55	0.06	-
iii the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-	-
iv the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-	-
v the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-	-
vi the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group.

**Note - 24**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Other financial liabilities - current</b>			
Current maturity of long term debts	2,234.48	151.84	13.29
Current maturity of finance lease obligations	30.51	-	-
Interest accrued but not due	163.83	114.50	0.92
Earnest money and security deposits	12.50	23.25	31.00
Derivative liability	65.70	-	-
Amount payable for acquisition of business	-	4,707.25	-
Unclaimed dividend	12.78	13.01	12.01
Others*	2,582.50	3,255.17	2,260.80
	<b>5,102.30</b>	<b>8,265.02</b>	<b>2,318.02</b>

\*Others include reimbursement of expenses, provision for expenses, liabilities related to compensation/claim, etc.

**Note - 25**

(₹ in lakhs)

	31 March 2018	31 March 2017	1 April 2016
<b>Current tax liabilities (net)</b>			
Provision for taxation	-	-	1,355.00
Less: Advance income tax	-	-	(1,259.78)
	-	-	<b>95.22</b>

**Note - 26**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Income from operations</b>		
<b>Sale of products</b>		
Transmission gears and shafts - domestic net of discount	40,952.35	37,830.85
Transmission gears and shafts - export	30,319.99	12,262.94
Software export	57.51	55.05
Software -services	2.62	58.32
Sales jobwork	3,096.80	239.51
<b>Other operating income:</b>		
Export incentives	375.72	350.16
Sales scrap	1,163.12	692.75
	<b>75,968.11</b>	<b>51,489.58</b>

**Note - 27**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Other income</b>		
Interest income		
Bank deposits	55.73	130.83
Security deposits	9.47	12.86
Rent	105.71	11.53
Allowance for doubtful debts written back	610.39	88.50
Dividend income	0.05	0.11
Gain on foreign exchange fluctuations (Net)	588.83	130.61
Gain on sale of property, plant and equipment (Net)	-	28.73
Fair value gain on derivatives not designated as hedges	345.17	87.77
Income recognised on account of government assistance	150.76	159.42
Miscellaneous income	114.88	1.24
	<b>1,980.99</b>	<b>651.60</b>

**Note - 28**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Cost of materials consumed</b>		
Opening stock of raw material (steel rod and forgings)	1,110.77	364.54
Add: Purchase during the year (net of discount)	34,684.11	22,231.80
Add: Acquisition through business combination	-	597.98
	35,794.88	23,194.32
Less: Closing stock of raw material (steel rod and forgings)	1,544.10	1,110.77
Materials consumed (steel rod and forgings)	<b>34,250.78</b>	<b>22,083.55</b>

**Note - 29**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Purchase of traded goods</b>		
Opening stock of purchase of traded goods (transmission gears and shafts)	-	-
Add: Purchase during the year (transmission gears and shafts)	3,122.83	2,072.85
	3,122.83	2,072.85
Less: Closing stock of purchase of traded goods (transmission gears and shafts)	-	-
	<b>3,122.83</b>	<b>2,072.85</b>




**Note - 30**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Changes in inventories of finished goods and work-in-progress</b>		
<b>Inventories at the end of the year:</b>		
Finished goods (transmission gears and shafts)	579.57	468.69
Work-in-progress (transmission gears and shafts)	2,403.43	1,963.87
<b>Acquisition through business combination</b>		
Finished goods (transmission gears and shafts)	60.06	125.10
Work-in-progress (transmission gears and shafts)	672.87	853.26
<b>Inventories at the beginning of the year:</b>		
Finished goods (transmission gears and shafts)	408.62	396.22
Work-in-progress (transmission gears and shafts)	1,291.00	1,170.01
	<b>(550.45)</b>	<b>112.03</b>

**Note - 31**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Employee benefits expense</b>		
Salaries and incentives	14,205.20	7,173.57
Contributions to provident and other fund	288.95	284.41
Gratuity fund contributions	120.29	110.65
Staff welfare expenses	431.63	369.34
	<b>15,046.07</b>	<b>7,937.97</b>

**Note - 32**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Finance costs</b>		
Interest on:		
Term and working capital loan from banks	2,007.30	318.78
Financial instruments carried at amortised cost	247.60	-
Others	24.54	14.85
Bank commission and charges	71.75	74.46
	<b>2,351.19</b>	<b>408.09</b>

**Note - 33**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Other expenses</b>		
Water electricity and allied charges	3,772.60	2,455.45
Stores and spares consumed	4,681.99	2,865.14
Professional charges	764.49	-
Repair and maintenance		
Plant and machinery	731.49	401.40
Buildings	59.58	42.50
Insurance	336.25	209.55
Rates and taxes	227.27	51.60
Rent	191.87	198.02
Loss on mark to market of forward contracts	64.48	-
Corporate social responsibility	62.25	55.23
Loss on sale of property, plant and equipment (Net)	23.54	-
Provision for doubtful debts	22.80	5.67
Auditor's remuneration*	18.49	18.91
Balance written off	12.88	9.63
Director's sitting fee	5.72	5.85
Charity and donation	2.62	1.06
Bad debts	-	4.83
Increase/decrease on excise duty	-	9.36
Miscellaneous expenses	2,544.39	2,957.43
	<b>13,522.71</b>	<b>9,291.63</b>

**\*Remuneration to auditors comprises of:**

Audit fees	12.12	12.00
Reimbursement of expenses	3.06	4.61
Other services	3.31	2.30
	<b>18.49</b>	<b>18.91</b>

**i Corporate social responsibility expenses**

The requisite disclosure relating to CSR expenditure in terms on Guidance Note on Corporate Social Responsibility (CSR) issued by Institute of Chartered Accountants of India:

a) Gross amount required to be spent by the Group during the year is ` 62.25 lakhs (previous year ` 55.23 lakhs).

b) Amount spent during the financial year ended 31 March 2018 and 31 March 2017 are:

(₹ in lakhs)

Particulars	Period	Bank payment	Yet to be paid in cash	Total
Education, technical education including research & development	31 March 2018	54.98	-	<b>54.98</b>
	31 March 2017	48.08	-	<b>48.08</b>
Health	31 March 2018	5.00	-	<b>5.00</b>
	31 March 2017	5.00	-	<b>5.00</b>
Integrity community development	31 March 2018	2.27	-	<b>2.27</b>
	31 March 2017	2.15	-	<b>2.15</b>
Total	31 March 2018	62.25	-	<b>62.25</b>
	31 March 2017	55.23	-	<b>55.23</b>

**Note - 34**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Income Tax</b>		
<b>Tax expense comprises of:</b>		
Current tax	1,908.01	1,197.67
Deferred tax credit	(180.53)	(19.35)
Earlier years tax adjustments (net)	-	65.56
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,727.48</b>	<b>1,243.88</b>

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Group at 34.608% and the reported tax expense in profit or loss are as follows:

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Accounting profit before income tax</b>	<b>5,151.82</b>	<b>3,257.81</b>
At India's statutory income tax rate of 34.608% (31 March 2017: 34.608%)	1,782.94	1,127.46
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Tax impact of exempted income	(76.33)	(0.04)
Effect of tax incentive	(32.46)	(10.12)
Tax impact of expenses which will never be allowed	4.85	62.48
Earlier years tax adjustments (net)	-	65.61
Allowable expenses	5.38	(1.51)
Difference in overseas tax rate	43.10	
<b>Income tax expense</b>	<b>1,727.48</b>	<b>1,243.88</b>

**Note - 35**

(₹ in lakhs)

	31 March 2018	31 March 2017
<b>Earnings per share</b>		
<b>Net profit attributable to equity shareholders</b>		
Net profit for the year	3,424.34	2,013.93
Nominal value of equity share (₹)	10.00	10.00
Total number of equity shares outstanding at the beginning of the year	18768000	18768000
Total number of equity shares outstanding at the end of the year	18768000	18768000
Weighted average number of equity shares	18768000	18768000
(1) Basic (₹)	18.25	10.73
(2) Diluted (₹)	18.25	10.73



## Note - 36A

### Financial instruments

#### (i) Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for financial instruments.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

#### (ii) Financial instruments by category

For amortised cost instruments, carrying value represents the best estimate of fair value.

(₹ in lakhs)

Particulars	31 March 2018			31 March 2017			1 April 2016		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial assets</b>									
Investment - equity instrument	-	5.25	-		5.79	-	-	3.75	-
Trade receivables	-	-	15,350.42	-	-	10,584.81	-	-	7,023.20
Loans	-	-	56.15	-	-	59.68	-	-	61.23
Cash and cash equivalents	-	-	2,453.40	-	-	6,319.69	-	-	1,412.09
Other bank balances	-	-	1,658.46	-	-	720.28	-	-	172.21
Other financial assets	2.96	-	702.68	125.24	-	690.87	-	-	561.60
Security deposits	-	-	201.07	-	-	173.44	-	-	201.55
<b>Total financial assets</b>	<b>2.96</b>	<b>5.25</b>	<b>20,422.18</b>	<b>125.24</b>	<b>5.79</b>	<b>18,548.77</b>	<b>-</b>	<b>3.75</b>	<b>9,431.88</b>
<b>Financial liabilities</b>									
Borrowings	-	-	36,561.08	-	-	31,869.21	-	-	4,154.69
Trade payables	-	-	7,567.82	-	-	5,714.79	-	-	3,858.87
Other financial liabilities	65.70	-	2,771.62	-	-	8,113.18	-	-	2,304.73
<b>Total financial liabilities</b>	<b>65.70</b>	<b>-</b>	<b>46,900.52</b>	<b>-</b>	<b>-</b>	<b>45,697.18</b>	<b>-</b>	<b>-</b>	<b>10,318.29</b>

#### (iii) Financial assets measured at fair value - recurring fair value measurements

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 March 2018 and 31 March 2017 :

(₹ in lakhs)

Particulars	Period	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
<b>Investments at fair value through other comprehensive income</b>					
Equity investments	31 March 2018	5.25	-	-	<b>5.25</b>
	31 March 2017	5.79	-	-	<b>5.79</b>
	1 April 2016	3.75	-	-	<b>3.75</b>
<b>At fair value through profit or loss</b>					
Derivative financial assets	31 March 2018	-	2.96	-	<b>2.96</b>
	31 March 2017	-	125.24	-	<b>125.24</b>
Derivative financial liability	31 March 2018	-	65.70	-	<b>65.70</b>
	31 March 2017	-	-	-	<b>-</b>

**(iv) Fair value of instruments measured at amortised cost**

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows: (₹ in lakhs)

Particulars	Level	31 March 2018		31 March 2017		1 April 2016	
		Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>							
Loans	Level 3	179.29	179.29	161.17	161.17	179.63	179.63
Other financial assets	Level 3	1.40	1.40	8.72	8.72	56.35	56.35
<b>Total financial assets</b>		<b>180.69</b>	<b>180.69</b>	<b>169.89</b>	<b>169.89</b>	<b>235.98</b>	<b>235.98</b>
<b>Financial liabilities</b>							
Borrowings	Level 3	36,561.08	36,561.08	31,869.21	31,869.21	4,154.69	4,154.69
<b>Total financial liabilities</b>		<b>36,561.08</b>	<b>36,561.08</b>	<b>31,869.21</b>	<b>31,869.21</b>	<b>4,154.69</b>	<b>4,154.69</b>

The management assessed that cash and cash equivalents, trade receivables, other receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) The fair values of the Group's interest-bearing borrowings, loans and receivables are determined by applying discounted cash flows ("DCF") method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2018 was assessed to be insignificant.

**Note - 36 B****Financial risk management**

The Group's activities expose it to credit risk, liquidity risk and market risk. The respective group companies board of directors has overall responsibility for the establishment and oversight of the risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, other financial assets	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting	Forward contract/hedging, if required.
Market risk - interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors.
Market risk - security price	Investments in equity securities.	Sensitivity analysis	Portfolio diversification.

**(A) Credit risk**

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**a) Credit risk management****i) Credit risk rating**

The Group assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.



A: Low  
B: Medium  
C: High

The Group provides for expected credit loss based on the following:

Asset groups	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Trade receivables	Life time expected credit loss or 12 month expected credit loss
High credit risk	Trade receivables	Life time expected credit loss fully provided for

Life time expected credit loss is provided for trade receivables.

Based on business environment in which the Group operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Group. The Group continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in statement of profit and loss.

(₹ in lakhs)

Credit rating	Particulars	31 March 2018	31 March 2017	1 April 2016
A: Low credit risk	Cash and cash equivalents, other bank balances, loans and other financial assets	5,074.72	8,089.21	2,408.67
B: Moderate credit risk	Trade receivables	15,421.09	10,632.68	7,110.43
C: High credit risk	Trade receivables	40.64	43.61	151.20

*ii) Concentration of trade receivables*

The Group's exposure to credit risk for trade receivables is presented as below. Loans and other financial assets majorly represents loans to employees and deposits given for business purposes.

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Original equipment manufacturer	6,271.00	4,698.82	4,245.39
Other	9,190.74	5,977.47	3,016.24
<b>Total</b>	<b>15,461.74</b>	<b>10,676.29</b>	<b>7,261.63</b>

**b) Credit risk exposure**

**(i) Provision for expected credit losses**

The Group provides for 12 month expected credit losses for following financial assets –

**As at 31 March 2018**

(₹ in lakhs)

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	2,453.40	-	2,453.40
Other bank balances	1,659.86	-	1,659.86
Loans	257.22	-	257.22
Other financial assets	704.24	-	704.24



As at 31 March 2017

(₹ in lakhs)

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	6,319.69	-	6,319.69
Other bank balances	729.00	-	729.00
Loans	233.12	-	233.12
Other financial assets	807.39	-	807.39

As at 1 April 2016

(₹ in lakhs)

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,412.09	-	1,412.09
Other bank balances	228.56	-	228.56
Loans	262.77	-	262.77
Other financial assets	505.25	-	505.25

(ii) Expected credit loss for trade receivables under simplified approach

As at 31 March 2018

(₹ in lakhs)

Period	Gross carrying value	Expected credit loss (provision)	Carrying amount (net of impairment)
0 - 90 Days	14,090.99	12.25	14,078.74
90 - 180 Days	1,026.11	32.29	993.82
180 - 270 Days	195.76	14.02	181.74
270 - 360 Days	60.46	0.75	59.72
More than 360 Days	88.41	52.01	36.40

As at 31 March 2017

(₹ in lakhs)

Period	Gross carrying value	Expected credit loss (provision)	Carrying amount (net of impairment)
0 - 90 Days	9,902.70	37.06	9,865.63
90 - 180 Days	578.30	3.04	575.26
180 - 270 Days	93.48	5.36	88.12
270 - 360 Days	32.93	0.36	32.57
More than 360 Days	68.87	45.65	23.22

As at 1 April 2016

(₹ in lakhs)

Period	Gross carrying value	Expected credit loss (provision)	Carrying amount (net of impairment)
0 - 90 Days	6,377.77	71.09	6,306.67
90 - 180 Days	518.72	7.68	511.04
180 - 270 Days	85.76	2.61	83.15
270 - 360 Days	23.36	0.34	23.02
More than 360 Days	256.01	156.70	99.31

Reconciliation of loss provision – lifetime expected credit losses

(₹ in lakhs)

Reconciliation of loss allowance	Trade receivables
<b>Loss allowance as on 1 April 2016</b>	<b>238.43</b>
Impairment loss recognised/reversed during the year	(53.15)
Amounts written off	(93.80)
<b>Loss allowance on 31 March 2017</b>	<b>91.48</b>
Impairment loss recognised/reversed during the year	19.83
<b>Loss allowance on 31 March 2018</b>	<b>111.31</b>



## (B) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Group takes into account the liquidity of the market in which the entity operates.

### Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

(₹ in lakhs)

31 March 2018	Less than 1 year	More than 1 year	Total
Borrowings	10,064.25	34,822.91	44,887.16
Trade payable	7,567.82	-	7,567.82
Derivative financial liabilities	65.70	-	-
Other financial liabilities	2,607.78	-	2,607.78
<b>Total</b>	<b>20,305.55</b>	<b>34,822.91</b>	<b>55,062.76</b>

(₹ in lakhs)

31 March 2017	Less than 1 year	More than 1 year	Total
Borrowings	9,415.16	31,593.67	41,008.83
Trade payable	5,714.79	-	5,714.79
Other financial liabilities	7,998.68	-	7,998.68
<b>Total</b>	<b>23,128.63</b>	<b>31,593.67</b>	<b>54,722.30</b>

(₹ in lakhs)

1 April 2016	Less than 1 year	More than 1 year	Total
Borrowings	4,170.82	30.08	4,200.90
Trade payable	3,858.87	-	3,858.87
Other financial liabilities	2,303.81	-	2,303.81
<b>Total</b>	<b>10,333.50</b>	<b>30.08</b>	<b>10,363.58</b>

The Group had access to following funding facilities :

### As at 31 March 2018

(₹ in lakhs)

Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	9,829.90	5,852.03	3,977.87
<b>Total</b>	<b>9,829.90</b>	<b>5,852.03</b>	<b>3,977.87</b>

### As at 31 March 2017

(₹ in lakhs)

Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	9,829.90	5,138.76	4,691.14
Above 1 year	8,018.40	8,018.40	-
<b>Total</b>	<b>17,848.30</b>	<b>13,157.16</b>	<b>4,691.14</b>

### As at 1 April 2016

(₹ in lakhs)

Funding facilities	Total facility	Drawn	Undrawn
Less than 1 year	5,340.00	4,113.32	1,226.68
<b>Total</b>	<b>5,340.00</b>	<b>4,113.32</b>	<b>1,226.68</b>

**(C) Market risk****(i) Foreign exchange risk**

The Group has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions (imports and exports). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The Group does not hedge its foreign exchange receivables/payables.

**(ii) Derivative financial instrument**

The Group uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group does not enter into complex derivative transactions to manage the risks. The derivative transactions are normally in the form of forward contracts and these are subject to the Group guidelines and policies.

The fair values of all derivatives are separately recorded in the balance sheet within current financial assets. Derivatives that are designated as hedges are classified as current depending on the maturity of the derivative. The use of derivatives can give rise to credit and market risk. The Group tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes."

**a) Fair value hedge**

The fair value hedges relate to forward covers taken to hedge currency exposure risks.

The Group uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. Fair value changes on such forward contracts are recognized in profit or loss.

**b) Non-qualifying/economic hedge**

The Group enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Fair value changes on such derivative instruments are recognized in profit or loss.

(₹ in lakhs)

Derivative financial instruments	31 March 2018	31 March 2017	1 April 2016
<b>Current</b>			
<b>Non qualifying hedges</b>			
Derivative assets	2.96	125.24	-
Derivative liability	65.70	-	-
<b>Total</b>	<b>68.66</b>	<b>125.24</b>	<b>-</b>

**Foreign currency risk exposure:**

Particulars	Currency	Amount in foreign currency (in lakhs)		Amount in INR (₹ in lakhs)	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Receivables</b>					
Export trade receivable	USD	42.62	28.63	2,716.49	1,821.98
	EURO	6.63	5.03	523.96	355.21
	GBP	0.38	0.38	34.36	30.18
<b>Payables</b>					
Payable for imports and others	USD	(6.02)	(7.06)	(398.29)	(466.18)
	EURO	(0.53)	(0.51)	(43.06)	(36.21)
Foreign currency loans	EURO	-	(5.80)	-	(409.36)
	USD	(120.00)	(120.00)	(8,024.40)	(8,018.40)
	USD	(75.62)	-	(5,056.57)	-
Interest on foreign currency loans	EURO	-	(0.01)	-	(0.99)
	USD	(1.32)	(0.16)	(88.43)	(10.43)
	USD	(0.37)	-	(24.75)	-



### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakhs)

Particulars	Currency	Exchange rate increase by 5%		Exchange rate decrease by 5%	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Receivables</b>					
Export trade receivable	USD	135.82	91.10	(135.82)	(91.10)
	EURO	26.20	17.76	(26.20)	(17.76)
	GBP	1.72	1.51	(1.72)	(1.51)
<b>Payables</b>					
Payable for imports and others	USD	19.91	23.31	(19.91)	(23.31)
	EURO	2.15	1.81	(2.15)	(1.81)
Foreign currency loans	EURO	-	20.47	-	(20.47)
	USD	401.22	400.92	(401.22)	(400.92)
	USD	252.83	-	(252.83)	-
Interest on foreign currency loans	EURO	-	0.05	-	(0.05)
	USD	4.42	0.52	(4.42)	(0.52)
	USD	1.24	-	(1.24)	-

### iii) Interest rate risk

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Variable rate borrowing	29,695.01	24,418.52	13.29
Fixed rate borrowing	6,866.07	7,450.69	4,141.41
<b>Total borrowings</b>	<b>36,561.08</b>	<b>31,869.21</b>	<b>4,154.70</b>

### Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Interest rates – increase by 50 basis points	148.48	(122.09)
Interest rates – decrease by 50 basis points	(148.48)	122.09

### (iv) Price risk

The Group's exposure to price risk arises from investments held and classified as FVOCI/ FVTPL. To manage the price risk arising from investments, the Group diversifies its portfolio of assets.

#### Sensitivity analysis

Profit or loss and equity is sensitive to higher/lower prices of instruments on the Group's profit for the year -

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
<b>Price sensitivity</b>		
Price increase by (5%) - FVOCI	0.26	0.29
Price decrease by (5%) - FVOCI	(0.26)	(0.29)
Price increase by (5%) - FVTPL	3.43	6.26
Price decrease by (5%) - FVTPL	(3.43)	(6.26)

**Note - 37**

**Disclosures as per Indian Accounting Standard (Ind AS) 108 "Operating Segments"**

**a) Operating segments**

Management currently identifies the Group's two service areas as its operating segments as follows:

India

Canada

**b) Segment revenue and expenses**

Revenue and expenses directly attributable to the segment is considered as 'Segment Revenue and Segment Expenses.

**c) Segment assets and liabilities**

Segment assets and liabilities include the respective directly identifiable to each of the segments.

These operating segments are monitored by the chief operating decision maker and strategic decisions are made on the basis of segment operating results. Segment performance is evaluated based on the profit of each segment.

The following tables present revenue and profit information and certain asset and liability information regarding the reportable segments for the years ended 31 March 2018 and 31 March 2017.

(₹ in lakhs)

Particulars	India		Canada		Others		Total	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Revenue</b>								
Sales to external customers	52,471.93	48,164.93	20,489.31	2,121.53	1,539.85	160.21	74,501.09	50,446.67
Inter-segment sale	(71.81)	-	-	-	-	-	(71.81)	-
<b>Segment revenue</b>	<b>52,400.12</b>	<b>48,164.93</b>	<b>20,489.31</b>	<b>2,121.53</b>	<b>1,539.85</b>	<b>160.21</b>	<b>74,429.28</b>	<b>50,446.67</b>
Interest revenue	50.92	143.66	14.27	0.02	-	-	65.19	143.68
Interest expense	905.72	294.10	1,444.28	113.90	1.19	0.09	2,351.19	408.09
Depreciation and amortisation	2,629.78	2,507.62	1,266.70	103.45	46.02	3.97	3,942.50	2,615.04
Reversal of provisions	610.39	-	-	-	-	-	610.39	-
Dividend revenue	0.05	0.11	-	-	-	-	0.05	0.11
Disposals of property, plant and equipment	36.46	28.73	(64.47)	-	-	-	(28.01)	28.73
<b>Segment result (profit before tax)</b>	<b>4,706.92</b>	<b>3,257.94</b>	<b>315.38</b>	<b>(13.38)</b>	<b>129.52</b>	<b>13.25</b>	<b>5,151.82</b>	<b>3,257.81</b>
Income tax expense	1,647.50	1,170.38	79.97	73.50	-	-	1,727.47	1,243.88
<b>Segment assets</b>	<b>36,575.83</b>	<b>31,955.96</b>	<b>32,062.79</b>	<b>34,603.41</b>	<b>4,777.74</b>	<b>1,551.21</b>	<b>73,416.36</b>	<b>68,110.58</b>
<b>Segment liabilities</b>	<b>28,031.50</b>	<b>20,679.53</b>	<b>18,029.43</b>	<b>27,105.46</b>	<b>3,271.68</b>	<b>178.23</b>	<b>49,332.61</b>	<b>47,963.22</b>
Additions to non-current assets other than financial instruments, deferred tax assets, net defined benefit assets.	2,775.93	1,915.87	3,712.60	24,150.63	8.71	-	6,497.24	26,066.50

**Information about major customer**

During the year ended 31 March 2018 revenue of approximately 66.93% are derived from three external customers (previous year: 57.46% are derived from two external customers).





## Note - 38

### Related party disclosures

List of related parties and relationships

#### i) Parties where control exists:

##### Subsidiary Company:

- (a) 2545887 Ontario Inc., Canada

##### Step down subsidiaries:

- (i) Teutech Industries Inc., Canada
- (ii) Teutech Holding Corporation, USA
- (iii) Teutech LLC, USA
- (iv) Teutech Leasing Corporation, USA
- (v) 2504584 Ontario Inc., Canada
- (vi) 2323532 Ontario Inc., Canada

- (b) Neo Tech Auto Systems Inc., USA

#### Key Management Personnel (KMP) and their relatives

- (i) Mr. Deep Kapuria (Whole Time Director and Executive Chairman)
- (ii) Mr. Pranav Kapuria (Managing Director)
- (iii) Mr. Anuj Kapuria (Whole Time Director)
- (iv) Mr. Sandeep Dinodia (Independent Director)
- (v) Mr. Anil Kumar Khanna (Independent Director)
- (vi) Mr. Krishna Chandra Verma (Independent Director)
- (vii) Ms. Malini Sud (Independent Director)
- (viii) Mr. Prosad Dasgupta (Independent Director)
- (ix) Mr. Vinit Taneja (Independent Director)
- (x) Mr. Ramesh Chandra Jain (Non Executive Director)
- (xi) Mr. Bidadi Anjani Kumar (Non Executive Director)
- (xii) Mr. Vijay Mathur (Chief Financial Officer)
- (xiii) Mr. Shital Kumar Khatri (Company Secretary)

#### Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions has been undertaken:-

- (i) Aquarian Fibrecement Private Limited
- (ii) Vulcan Electro Controls Limited
- (iii) The Hi-Tech Robotic Systemz Limited
- (iv) The Hi-Tech Engineering Systems Private Limited

(a) Transactions with related parties carried out in the ordinary course of business:

(₹ in lakhs)

S. No.	Particulars	Year	Related parties					Total	
			Enterprise over which Key Management personnel and their relatives exercise significant influence						Key Management Personnel and its relatives
			Aquarian Fibrecement Private Limited	Vulcan Electro Controls Limited	The Hi-Tech Engineering Systems Private Limited	The Hi-Tech Robotic Systemz Limited			
1	Purchase of goods	31 March 2018	-	9,257.85	3,011.71	-	-	12,269.56	
		31 March 2017	-	6,106.49	2,322.79	-	-	8,429.28	
2	Sale of goods	31 March 2018	-	0.60	781.31	-	-	781.91	
		31 March 2017	-	12.41	652.26	-	-	664.67	
3	Rendering of job work/services	31 March 2018	-	55.01	76.36	-	-	131.37	
		31 March 2017	-	73.06	70.07	-	-	143.14	
4	Sale of assets	31 March 2018	-	10.41	1.03	-	-	11.44	
		31 March 2017	-	20.01	54.98	-	-	74.99	
5	Purchase of asset	31 March 2018	-	-	-	44.05	-	44.05	
		31 March 2017	-	-	-	-	-	-	
6	Receiving of job work/services	31 March 2018	-	1,868.68	-	451.10	-	2,319.78	
		31 March 2017	-	1,896.85	-	344.75	-	2,241.60	
7	Leasing or hire purchase arrangements	31 March 2018	180.00	-	-	-	-	180.00	
		31 March 2017	206.85	-	-	-	-	206.85	
8	Remuneration paid*	31 March 2018	-	-	-	-	711.66	711.66	
		31 March 2017	-	-	-	-	386.82	386.82	
9	Sitting fees	31 March 2018	-	-	-	-	5.70	5.70	
		31 March 2017	-	-	-	-	5.80	5.80	
10	Re-imburement paid	31 March 2018	-	2.01	-	-	-	2.01	
		31 March 2017	-	24.36	25.64	3.21	-	53.21	
11	Re-imburement received	31 March 2018	-	13.78	18.28	9.18	-	41.24	
		31 March 2017	-	9.21	-	-	-	9.21	

\* The remuneration of Key Managerial Personnel included in various schedules to statement of profit and loss is as under:

Particulars*	(₹ in lakhs)	
	31 March 2018	31 March 2017
Short term employee benefits	696.48	372.30
Defined contribution plan	15.17	14.53

\* Does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for all the employees together.

(b) Closing balance with related parties in the ordinary course of business :

S. No.	Particulars	Year	Related parties				Key Management Personnel and its relatives	Total
			Enterprises over which Key Management personnel and their relatives exercise significant influence					
			Aquarian Fibre cement Private Limited	Vulcan Electro Controls Limited	The Hi-Tech Engineering Systems Private Limited	The Hi-Tech Robotic Systemz Limited		
1	Trade receivable	31 March 2018 31 March 2017 1 April 2016	- - -	- - -	- - -	- - -	- - -	
2	Trade payable	31 March 2018 31 March 2017 1 April 2016	- - -	649.90 479.49 528.15	1,108.68 928.74 983.06	17.85 19.83 23.84	284.47 93.06 164.69	2,060.90 1,521.12 1,699.74



**Note - 39****Business combinations****A Summary of acquisition**

“During the FY 2016-17, The Hi-Tech Gears Limited incorporated a Wholly Owned Subsidiary Group 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.”

(₹ in lakhs)

<b>Purchase consideration</b>	<b>2545887 Ontario Inc</b>
Cash paid	24,846.65
Add: Present value of deferred consideration	4,856.86
<b>Total purchase consideration</b>	<b>29,703.51</b>

(₹ in lakhs)

<b>Particulars</b>	<b>2545887 Ontario Inc</b>
	<b>Fair value</b>
Fixed assets	13,496.95
Customer relationship	7,055.22
Brand name	255.62
Non-compete agreement	102.25
Inventories	2,402.87
Trade receivables	1,590.38
Cash and cash equivalent	5,618.50
Deferred tax assets	1,577.71
Loans	6.81
Other financial assets	40.81
Current tax assets	0.03
Other current assets	752.88
Borrowings	(1,739.35)
Trade payables	(1,777.02)
Other financial liabilities	(611.33)
Other current liabilities	(1,791.94)
Deferred tax liabilities	(1,971.20)
<b>Net identifiable assets acquired</b>	<b>25,009.19</b>

(₹ in lakhs)

<b>Calculation of goodwill</b>	<b>2545887 Ontario Inc</b>
Consideration transferred	29,703.51
Less: Net identifiable assets acquired	(25,009.19)
<b>Goodwill</b>	<b>4,694.32</b>

**Consideration transferred**

The purchase consideration to be paid to the equity shareholders is CAD 586.34 lakhs in cash. Further, 2545887 Ontario Inc also agreed to take over the short term borrowings of the Teutech Group aggregating CAD 34.02 lakhs as on the valuation date.



### Identifiable net assets

The fair value of the trade receivables acquired as part of the business combination amounted to CAD 31.11 lakhs, with a gross contractual amount of CAD 31.11 lakhs. As of the acquisition date, the Group's best estimate of the contractual cash flow not expected to be collected amounted to CAD nil.

### Revenue and profit contribution

If 2545887 Ontario Inc had been acquired on 1 April 2016, revenue of the Group for period ended 31 March 2017 would have been ₹ 72,366.43 lakhs, and profit for the year would have been ₹ 4,150.68 lakhs.

### (B) Purchase consideration – cash outflow

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Outflow of cash to acquire subsidiaries, net of cash acquired		
Cash consideration		24,846.65
Less: Balances acquired		
Cash		5,618.50
<b>Net outflow of cash – investing activities</b>		<b>19,228.15</b>

### Note - 40

#### Interest in other entities

The Group's subsidiaries at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group.

Name of entity	Country of incorporation	Functional currency	Ownership interest held by the Group		Principal activities
			31 March 2018	31 March 2017	
2545887 Ontario Inc	Canada	CAD	100%	100%	Asset ownership, real estate.
Neo- Tech Auto System Inc.	USA	USD	100%	NA	Manufacturing and sales of auto components.
Teutech Industries Inc	Canada	CAD	100%	100%	Manufacturing and sales of automotive parts/ components.
Teutech Holding Corporation	USA	USD	100%	100%	Asset ownership.
Teutech LLC	USA	USD	100%	100%	Machining and job work of automotive components.
Teutech Leasing Corporation	USA	USD	100%	100%	Asset ownership, real estate.
2504584 Ontario Inc	Canada	CAD	100%	100%	Real estate.
2323532 Ontario Inc	Canada	CAD	100%	100%	Asset ownership, real estate.

### Note - 41

#### Capital management

The Group's objectives when managing capital are to:

- To ensure Group's ability to continue as a going concern, and
- To provide adequate return to shareholders

Management assesses the capital requirements in order to maintain an efficient overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Group manages its capital requirements by overseeing the following ratios –

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Net debt*	34,271.51	25,664.01	2,743.52
Total equity	24,083.75	20,147.36	19,940.22
<b>Net debt to equity ratio</b>	<b>1.42</b>	<b>1.27</b>	<b>0.14</b>

\*Net debt = non-current borrowings + current borrowings + current maturities of non-current borrowings + interest accrued - cash and cash equivalents



**Note - 42****Contingent liabilities and commitments  
(to the extent not provided for)****A Contingent liabilities****(1) Details of bank guarantees are as under:-**

(₹ in lakhs)

S. No.	Name of the beneficiary	31 March 2018	31 March 2017	1 April 2016
1	Asst. Commissioner Customs Export	-	-	55.00
2	Dy. Commissioner Customs Export, Tughlakabad, Delhi	1.54	1.54	1.54
3	Deputy Commissioner of Customs	11.79	11.79	11.79
4	The Commercial Taxes officer, Bhiwadi, Rajasthan	-	-	6.00
5	The President of India (Through Asstt. / Dy Commissioner of Customs)	0.63	0.63	0.63
6	Commissioner of Custom	0.25	0.25	0.25
7	The President of India (Through Asstt. / Dy Commissioner of Customs)	-	0.96	0.96
8	The Commercial Taxes officer, Bhiwadi, Rajasthan	-	-	39.98
9	Dy. Commissioner Customs Export	1.30	1.30	1.30
10	The President of India (Through Asstt. / Dy Commissioner of Customs)	4.75	4.75	4.75
11	Deputy Commissioner of Customs	-	6.24	-
12	The President of India (Dy Commissioner of Customs)	-	7.29	-
13	The Assessing Authority Sales Tax Department, Haryana	0.50	0.50	-
14	Deputy Commissioner of Customs	8.40	8.40	-
15	The President of India (Dy Commissioner of Customs)	-	7.63	-
16	Deputy Commissioner of Customs	-	7.23	-
17	Deputy Commissioner of Customs	-	6.24	-
18	Deputy Commissioner of Customs	-	6.24	-
19	The Assessing Authority Sales Tax Department, Haryana	0.50	0.50	-
20	Subh Enterprises (solar power project)	-	175.00	-
21	Subh Enterprises (solar power project)	-	12.50	-
22	GST Gurgaon	10.00	-	-
	<b>Total</b>	<b>39.66</b>	<b>258.99</b>	<b>122.20</b>

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

(₹ in lakhs)

S. No.	Particulars	Period to which the amount relates	31 March 2018	31 March 2017	1 April 2016
1	Central Excise Act, 1944 (Disposed by Tribunal, RK Puram, Delhi)	February 2009 to December 2009	-	-	0.86
2	Central Excise Act, 1944 (Commissioner (Appeals), Central Excise, Jaipur)	September 2011 to June 2012	-	-	2.17
3	Central Excise Act, 1944 (Commissioner Central Excise Gurgaon Haryana)	August 2012 to July 2014	-	-	9.16
4	Central Excise Act, 1944 (Commissioner Central Excise Delhi)	August 2013 to July 2014	-	-	0.57
5	Income Tax Act, 1961 (Assistant Commissioner of Income Tax, Delhi)	Assessment year 2013-14	-	8.69	8.69
6	Income Tax Act, 1961 (Income Tax Appellate Tribunal)	Assessment year 2008-09	2.56	2.56	2.56
7	Income Tax Act, 1961 (Deputy Commissioner of Income Tax (Appeals), Delhi)	Assessment year 2012-13	3.53	3.53	3.53
8	Income Tax Act, 1961 (Income Tax Appellate Tribunal, Delhi)	Assessment year 2010-11	25.40	25.40	25.40
9	Income Tax Act, 1961 (Commissioner of Income Tax (Appeals), Delhi)	Assessment year 2014-15	-	3.37	-
	<b>Total</b>		<b>31.49</b>	<b>43.55</b>	<b>52.94</b>



**Statutory demands for which showcause notice issued to the Group:**

(₹ in lakhs)

S. No.	Particulars	Period to which the amount relates	31 March 2018	31 March 2017	1 April 2016
1	Central Excise Act, 1944 (Additional Commissioner, Central Excise, Gurgaon, Haryana)	April 2005 to March 2018	10.42	10.42	10.42
2	Central Excise Act, 1944 (Additional Commissioner, Central Excise, Gurgaon, Haryana)	August 2014 to July 2015	20.23	20.23	20.23
3	Central Excise Act, 1944 (Additional Commissioner, Central Excise, Gurgaon, Haryana)	August 2015 to February 2017	36.15	36.15	-
	<b>Total</b>		<b>66.80</b>	<b>66.80</b>	<b>30.65</b>

3. There are five legal cases filed by past employees against the holding 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 Group.

**B Commitments (net of advance):**

Estimated amount of contracts remaining to be executed on capital accounts ₹ 1019.21 lakhs after adjusting advances (previous years: 31 March 2017: ₹ 601.78 lakhs and 1 April 2016 ₹ 241.66 lakhs).

**Note - 43**

**Dividends**

A The Board of directors of the holding company at their meeting held on 21 May 2018 has proposed a final dividend of ₹ 2 per share for financial year 31 March 2018 (previous year: ₹ 1.50 per share) subject to approval of shareholders in annual general meeting. The above is in addition to an interim dividend of ₹ 1.5 per share for financial year 31 March 2018 (previous year ₹ 1.25 per share) declared and already paid.

B Dividend declared and paid in earlier years are as follows –

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Interim dividend (including dividend tax)	338.83	282.36
Final dividend (including dividend tax)	282.36	339.91

**Note - 44**

**Leases disclosure as lessee**

**Operating leases**

The Group 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:

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Within one year	90.00	180.00	186.56
Later than one year but not later than five years	-	90.00	270.00
Later than five years	-	-	-

**Finance leases**

The Group had taken solar power plant on finance lease. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance lease are, as follows:

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Within one year	65.94	-	-
Later than one year but not later than five years	134.56	-	-
Later than five years	133.67	-	-

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Within one year	63.85	-	-
Later than one year but not later than five years	106.21	-	-
Later than five years	71.58	-	-
<b>Amounts representing finance charges</b>	<b>92.53</b>	-	-

**Note - 45****Employee benefits****A Compensated absences-earned leave****Risk**

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

**i) Amounts recognized in the consolidated balance sheet**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Present value of the obligation at end	386.47	383.65	358.40
Fair value of plan assets	-	-	-
Net obligation recognised in balance sheet as provision	386.47	383.65	358.40
<b>Current liability (amount due within one year)</b>	<b>52.17</b>	<b>44.85</b>	<b>39.71</b>
<b>Non-current liability (amount due over one year)</b>	<b>334.30</b>	<b>338.80</b>	<b>318.69</b>

**ii) Expenses recognized in consolidated statement of profit and loss**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Current service cost	79.27	75.47
Interest cost	28.27	28.67
Actuarial (gain)/loss net on account of:		
Changes in demographic assumptions	-	-
Changes in financial assumptions	(14.79)	5.94
Changes in experience adjustment	6.97	12.64
<b>Cost recognized during the year</b>	<b>99.72</b>	<b>122.72</b>

**iii) Movement in the liability recognized in the consolidated balance sheet is as under:**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Present value of defined benefit obligation at the beginning of the year	383.65	358.40
Current service cost	79.27	75.47
Interest cost	28.27	28.67
Actuarial (gain)/loss net	(7.83)	18.58
Benefits paid	(96.90)	(97.47)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>386.46</b>	<b>383.65</b>



iv) (a) For determination of the liability of the Group the following actuarial assumptions were used:

Particulars	31 March 2018	31 March 2017	1 April 2016
Discount rate	7.73%	7.37%	8%
Salary escalation rate	9.00%	9.00%	10%
Retirement Age (Years)	58.00	58.00	58.00
Ages	<b>Withdrawal rate (%)</b>		
Up to 30 Years	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%
Leave			
Leave availment rate	5.00%	0.00%	-
Leave encashment rate while in service	5.00%	-	-

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

iv) (b) Maturity Profile of defined benefit obligation

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
0 to 1 year	52.17	44.85
1 to 2 year	18.60	14.66
2 to 3 year	9.61	16.08
3 to 4 year	13.89	9.50
4 to 5 year	11.96	11.24
5 to 6 year	15.79	10.76
6 year onwards	264.45	276.55

v) Sensitivity analysis for compensated absences liability

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
<b>a) Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	386.47	383.65
Impact due to increase of 0.50 %	(19.14)	(21.02)
Impact due to decrease of 0.50 %	20.79	22.98
<b>b) Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	386.47	383.65
Impact due to increase of 0.50 %	20.44	22.52
Impact due to decrease of 0.50 %	(19.01)	(20.82)

Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

## B Gratuity Risk

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Investment risk	If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

**i) Amounts recognized in the consolidated balance sheet**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017	1 April 2016
Present value of the obligation	1,221.20	1,176.81	1,118.17
Fair value of plan assets	1,206.81	1,156.59	1,094.60
Net obligation recognised in balance sheet as provision	14.39	(20.22)	23.58
<b>Non-current liability (amount due over one year)</b>	<b>14.39</b>	<b>(20.22)</b>	<b>23.58</b>

**ii) Expenses recognized in other comprehensive income**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Actuarial gains/(loss) on asset	(73.28)	1.17
Actuarial gains/(loss) on PBO	119.18	54.76
Expenses recognized in other comprehensive income	45.90	55.93

**iii) Actuarial (gain)/loss on obligation**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Actuarial (gain)/loss net on account of:		
Changes in financial assumptions	(38.25)	14.81
Changes in experience adjustment	(80.93)	(69.57)

**iv) Expenses recognized in consolidated statement of profit and loss**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Current service cost	123.67	101.38
Interest cost	1.49	1.89
Cost recognized during the year	125.16	103.27

**v) Major categories of plan assets (as percentage of total plan assets)**

Particulars	31 March 2018	31 March 2017
Funds managed by insurer	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**vi) Change in plan assets is as under:**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Fair value of plan assets at the beginning of the period	1,156.59	1,094.60
Actual return on plan assets	11.96	88.74
Employer contribution	87.34	45.30
Fund management charges	(2.26)	(1.98)
Benefits paid	(46.83)	(70.07)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>1,206.80</b>	<b>1,156.59</b>

**vii) Movement in the liability recognised in the consolidated balance sheet is as under:**

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
Present value of defined benefit obligation at the beginning of the year	1,176.81	1,118.17
Current service cost	101.17	101.38
Past service cost	22.50	-
Interest cost	86.73	89.45
Actuarial (gain)/loss net	(119.18)	(54.76)
Benefits paid	(46.83)	(77.44)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>1,221.20</b>	<b>1,176.80</b>





viii)(a) For determination of the liability of the Group the following actuarial assumptions were used:

Particulars	31 March 2018	31 March 2017	1 April 2016
Discount rate	7.73%	7.37%	8.00%
Salary escalation rate	9.00%	9.00%	9.50%
Retirement age (Years)	58.00	58.00	58.00
Withdrawal rate			
Up to 30 Years	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%
Weighted average duration of PBO	13.68	14.52	15.33

Mortality rates inclusive of provision for disability -100% of IALM (2006 – 08)

viii)(b) Maturity profile of defined benefit obligation

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
0 to 1 year	144.31	116.09
1 to 2 year	17.38	17.56
2 to 3 year	18.15	17.23
3 to 4 year	29.32	17.01
4 to 5 year	21.39	17.16
5 to 6 year	24.54	30.24
6 year onwards	966.10	961.51

ix) Sensitivity analysis for compensated absences liability

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
<b>a) Impact of the change in discount rate</b>		
Present value of obligation at the end of the year	1,221.20	1,176.81
Impact due to increase of 0.50 %	(50.55)	(53.30)
Impact due to decrease of 0.50 %	54.16	56.35
<b>b) Impact of the change in salary increase</b>		
Present value of obligation at the end of the year	1,221.20	1,176.81
Impact due to increase of 0.50 %	51.71	55.22
Impact due to decrease of 0.50 %	(48.78)	(52.77)

Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

#### Note - 46

Disclosure under Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Assets": Movements in each class of provision during the financial year, are set out below:

(₹ in lakhs)

Particulars	Provision on rate differences*
<b>As at 1 April 2016</b>	<b>247.31</b>
Amounts used during the year	(4.48)
<b>As at 31 March 2017</b>	<b>242.83</b>
Additional provision recognised	35.12
<b>As at 31 March 2018</b>	<b>277.95</b>

\*This provision reflects the amount that could be payable on account of foreign exchange adjustment on export.

#### Note - 47

Research and development expenditure includes employee benefits expenses amounting to ₹ 151.18 lakhs (31 March 2017: ₹ 136.51 lakhs), material consumed amounting to ₹ 9.85 Lakhs (31 March 2017: ₹ 7.87 lakhs) and stores and spares consumed of ₹ 60.24 lakhs (31 March 2017: ₹ 138.23 lakhs).

#### Note - 48

Other matters

- 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 consolidated balance sheet, if realized in the ordinary course of business.
- 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 - 49****A Explanation of transition to Ind AS**

- 1 Reconciliation of the assets and liabilities presented in the consolidated balance sheet prepared as per Previous GAAP and as per Ind AS as at 31 March 2017 is as follows:

(₹ in lakhs)

Particulars	Note	31 March 2017			
		Previous GAAP*	Business combination	Effect of transition to Ind AS	Ind AS
<b>Non-current assets</b>					
Property, plant and equipment	5	26,272.66	2,292.07	441.24	29,005.97
Capital work-in-progress		1,090.44	-	-	1,090.44
Goodwill		12,891.18	(8,519.61)	-	4,371.57
Other intangible assets		39.71	6,856.87	-	6,896.58
<b>Financial assets</b>					
Investments	2	6.85	-	5.37	12.22
Loans		161.17	-	-	161.17
Other financial assets		8.72	-	-	8.72
Deferred tax assets		-	82.58	-	82.58
Other non-current assets	1	1,380.43	(1.00)	(829.97)	549.46
<b>Total non-current assets</b>		<b>41,851.16</b>	<b>710.91</b>	<b>(383.36)</b>	<b>42,178.71</b>
<b>Current assets</b>					
Inventories		5,326.60	306.04	-	5,632.64
<b>Financial assets</b>					
Trade receivables	3	10,525.74	106.94	(47.87)	10,584.81
Cash and cash equivalents		6,319.69	-	-	6,319.69
Other bank balances		720.28	-	-	720.28
Loans		71.95	-	-	71.95
Other financial assets	8	710.56	9.06	87.77	807.39
Current tax asset (net)		293.38	-	-	293.38
Other current assets	1	1,683.59	26.53	(208.39)	1,501.73
<b>Total current assets</b>		<b>25,651.79</b>	<b>448.57</b>	<b>(168.49)</b>	<b>25,931.87</b>
<b>Total assets</b>		<b>67,502.95</b>	<b>1,159.48</b>	<b>(551.85)</b>	<b>68,110.58</b>
<b>Equity</b>					
Equity share capital		1,876.80	-	-	1,876.80
Other equity	11	18,473.61	(199.02)	(4.03)	18,270.56
<b>Total equity</b>		<b>20,350.41</b>	<b>(199.02)</b>	<b>(4.03)</b>	<b>20,147.36</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
<b>Financial liabilities</b>					
Borrowings	1	25,215.16	-	(935.14)	24,280.02
Provisions		338.80	-	-	338.80
Deferred tax liabilities (net)	9	(1,246.31)	1,472.10	(40.06)	185.73
Other non-current liabilities	5	-	-	441.24	441.24
<b>Total non-current Liabilities</b>		<b>24,307.65</b>	<b>1,472.10</b>	<b>(533.96)</b>	<b>25,245.79</b>
<b>Current liabilities</b>					
<b>Financial liabilities</b>					
Borrowings		7,437.34	-	-	7,437.34
Trade payables		5,714.79	-	-	5,714.79
Other financial liabilities	4	8,392.48	(113.60)	(13.86)	8,265.02
Provisions		315.02	-	-	315.02
Other current liabilities		985.26	-	-	985.26
<b>Total current liabilities</b>		<b>22,844.89</b>	<b>(113.60)</b>	<b>(13.86)</b>	<b>22,717.43</b>
<b>Total equity and liabilities</b>		<b>67,502.95</b>	<b>1,159.48</b>	<b>(551.85)</b>	<b>68,110.58</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.



**2 Reconciliation of the assets and liabilities presented in the consolidated balance sheet prepared as per Previous GAAP and as per Ind AS as at 01 April 2016 is as follows:**

(₹ in lakhs)

Particulars	Note	1 April 2016		
		Previous GAAP*	Effect of transition to Ind AS	Ind AS
<b>Non-current assets</b>				
Property, plant and equipment	5	17,395.48	600.66	17,996.14
Capital work-in-progress		252.58	-	252.58
Goodwill		-	-	-
Other intangible assets		41.48	-	41.48
Financial assets				
Investments	2	6.83	3.35	10.18
Loans		179.63	-	179.63
Other financial assets		56.35	-	56.35
Other non-current assets		133.20	-	133.20
<b>Total non-current assets</b>		<b>18,065.55</b>	<b>604.01</b>	<b>18,669.56</b>
<b>Current assets</b>				
Inventories		3,212.75	-	3,212.75
Financial assets		-	-	-
Trade receivables	3	7,110.43	(87.23)	7,023.20
Cash and cash equivalents		1,412.09	-	1,412.09
Other bank balances		172.21	-	172.21
Loans		83.15	-	83.15
Other financial assets		505.25	-	505.25
Current tax asset (net)		269.94	-	269.94
Other current assets		1,320.29	-	1,320.29
<b>Total current assets</b>		<b>14,086.11</b>	<b>(87.23)</b>	<b>13,998.88</b>
<b>Total assets</b>		<b>32,151.66</b>	<b>516.78</b>	<b>32,668.44</b>
<b>Equity</b>				
Equity share capital		1,876.80	-	1,876.80
Other equity	11	17,726.33	337.09	18,063.42
<b>Total equity</b>		<b>19,603.13</b>	<b>337.09</b>	<b>19,940.22</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings		28.09	-	28.09
Other financial liabilities		-	-	-
Provisions		318.69	-	318.69
Deferred tax liabilities (net)	9	273.36	(81.80)	191.56
Other non-current liabilities	5	-	600.66	600.66
<b>Total non-current Liabilities</b>		<b>620.14</b>	<b>518.86</b>	<b>1,139.00</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings		4,113.32	-	4,113.32
Trade payables		3,858.87	-	3,858.87
Other financial liabilities	4	2,317.28	0.74	2,318.02
Provisions	6	650.51	(339.91)	310.60
Current tax liabilities (net)		95.22	-	95.22
Other current liabilities		893.19	-	893.19
<b>Total current liabilities</b>		<b>11,928.39</b>	<b>(339.17)</b>	<b>11,589.22</b>
<b>Total equity and liabilities</b>		<b>32,151.66</b>	<b>516.78</b>	<b>32,668.44</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

### 3 Reconciliation of consolidated statement of profit and loss for the year ended 31 March 2017

(₹ in lakhs)

Particulars	Note	Previous GAAP*	Effect of transition to Ind AS	Ind AS
Revenue from operations		51,489.58	-	51,489.58
Other income	5 & 8	283.37	368.23	651.60
<b>Total revenue</b>		<b>51,772.95</b>	<b>368.23</b>	<b>52,141.18</b>
<b>Expenses</b>				
Cost of materials consumed		22,083.55	-	22,083.55
Purchase of traded goods		2,072.85	-	2,072.85
Changes in inventories of finished goods and work-in-progress		112.03	-	112.03
Excise duty on sale of goods		4,362.21	-	4,362.21
Employee benefits expense	7	7,882.04	55.93	7,937.97
Finance costs	1	186.35	221.74	408.09
Depreciation and amortisation expense	5	2,408.40	206.64	2,615.04
Other expenses	3	9,434.02	(142.39)	9,291.63
<b>Total expenses</b>		<b>48,541.45</b>	<b>341.92</b>	<b>48,883.37</b>
<b>Profit before tax</b>		<b>3,231.50</b>	<b>26.31</b>	<b>3,257.81</b>
<b>Tax expense:</b>				
Current tax	9	1,217.03	(19.36)	1,197.67
Deferred tax	9	(47.67)	28.32	(19.35)
Income tax for earlier years		65.56	-	65.56
<b>Profit for the year</b>		<b>1,996.58</b>	<b>17.35</b>	<b>2,013.93</b>
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Re-measurement gains (losses) on defined benefit plans	7	-	55.93	55.93
Change in fair value of equity instrument carried at fair value through other comprehensive income	2	-	2.03	2.03
Income tax relating to items that will not be reclassified to profit and loss	9	-	(19.36)	(19.36)
Items that will be reclassified to profit and loss				
Exchange differences in translating the financial statements of a foreign operation		-	(1,663.78)	(1,663.78)
Income tax relating to items that will be reclassified to profit and loss		-	440.66	440.66
<b>Total other comprehensive income for the year</b>		<b>1,996.58</b>	<b>(1,167.17)</b>	<b>829.41</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

#### B First time adoption of Ind AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies have been applied in preparing the consolidated financial statements for the year ended 31 March 2018, the comparative information presented in these consolidated financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Group's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.



## **C Ind AS optional exemptions**

### **1 Deemed cost for property, plant and equipment and intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

### **2 Designation of previously recognised financial instruments**

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Group has elected to apply this exemption for its investment in equity investments.

### **3 Long term foreign currency monetary items**

Ind AS 101 permits A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in the consolidated financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

## **D Ind AS mandatory exemptions**

### **1 Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- a) Investment in equity instruments carried at FVTPL or FVOCI
- b) Impairment of financial assets based on expected credit loss model.

### **2 Classification and measurement of financial assets and liabilities**

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- a) The effects of the retrospective application or retrospective restatement are not determinable;
- b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

## **E Other reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.



**1 Reconciliation of total equity as at 31 March 2017 and 1 April 2016**

(₹ in lakhs)

Particulars	Notes to first time adoption	31 March 2017	1 April 2016
<b>Total equity (shareholder's funds) as per previous GAAP</b>		<b>20,350.41</b>	<b>19,603.13</b>
<b>Adjustments:</b>			
Fair value impact for investments	Note - 2	5.38	3.35
Impairment allowance on doubtful debts	Note - 3	(47.87)	(87.23)
Prior period expenses	Note - 4	-	(0.74)
Dividend adjustment	Note - 6	-	339.91
Acquisition through business combination	Note - 9	(572.21)	-
Others		(29.73)	-
Tax impact on above adjustment	Note - 10	441.38	81.80
<b>Total adjustments</b>		<b>(203.05)</b>	<b>337.09</b>
<b>Total equity as per Ind AS</b>		<b>20,147.36</b>	<b>19,940.22</b>

**2 Reconciliation of total comprehensive income for the year ended 31 March 2017**

(₹ in lakhs)

Particulars	Notes to first time adoption	31 March 2017
<b>Profit after tax as per previous GAAP</b>		<b>1,996.58</b>
<b>Adjustments:</b>		
Impairment allowance on doubtful debts	Note - 3	39.36
Prior period expenses	Note - 4	0.74
Re-measurement gains on defined benefit plans	Note - 7	(55.93)
Fair value gain on derivatives not designated as hedges	Note - 8	87.77
Acquisition through business combination	Note - 9	(47.21)
Others		3.73
Tax impact on above adjustments	Note - 10	(11.11)
<b>Total adjustments</b>		<b>17.35</b>
<b>Profit for the year ended 31 March 2017</b>		<b>2,013.93</b>
Re-measurement gains on defined benefit plans	Note - 7	36.57
Impact of investment designated at FVOCI	Note - 2	2.03
Exchange differences in translating the financial statements of a foreign operation	Note - 9	(1,663.78)
Income tax relating to items that will be reclassified to profit and loss	Note - 10	440.66
<b>Total comprehensive income for the year ended 31 March 2017</b>		<b>829.41</b>

**3 Impact of Ind AS adoption on Consolidated Statements of Cash Flows for the year ended on 31 March 2017.**

(₹ in lakhs)

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activity	5,396.70	-	5,396.70
Net cash flow used in Investing activity	(11,948.16)	-	(11,948.16)
Net cash flow from Financing activity	2,587.57	-	2,587.57
<b>Net (decrease) in Cash and Cash equivalent</b>	<b>(3,963.89)</b>	<b>-</b>	<b>(3,963.89)</b>
Cash and Cash equivalent as at 1 April 2016	10,283.58	-	10,283.58
<b>Cash and Cash equivalent as at 31 March 2017</b>	<b>6,319.69</b>	<b>-</b>	<b>6,319.69</b>

\* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.



## Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

### Notes to first time adoption

#### 1 Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Under previous GAAP, these transaction costs were shown as prepaid expense under non-current/ current assets as and when incurred. Accordingly, borrowings as at 31 March 2017 have been reduced with a corresponding adjustment to prepaid expense head in non-current/ current asset respectively.

#### 2 Fair valuation of investment

Under previous GAAP, investments are shown at cost. Under Ind AS, such instruments are to be evaluated under Ind AS 109 which requires the Group to account for such instruments either at amortised cost or fair value. Ind AS requires the Group to record the fair value gains or (losses) on FVOCI equity instruments in case of fair value instrument. Accordingly as at 31 March 2017 'Investments' has been increased with a corresponding adjustment to other comprehensive income.

#### 3 Impairment allowance on trade receivables using provision matrix approach

Under previous GAAP, provision for trade receivables is recognised on specific identification method based on management assessment of recoverability of trade receivables. As per Ind AS 109, the Group is required to apply expected credit loss model (provision matrix approach) for recognising the allowance for doubtful receivables.

#### 4 Prior period errors

Under Ind AS, prior period errors need to be restated retrospectively and such restatement is made in the earliest comparative period presented and the amount of the adjustment is made in the opening balance of retained earnings of earliest year presented. As a result of this change, the profit for the year ended 31 March 2017 increased. There is no impact on the total equity as at 31 March 2017.

#### 5 Government assistance

Under Ind AS, government grants shall be recognised in statement of profit and loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

#### 6 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend has been reversed with corresponding adjustment to retained earnings. As a result of this change, there is no impact on the profit for the year ended 31 March 2017.

#### 7 Remeasurement of post-employment benefit obligations

Under Ind AS, actuarial gains and losses on defined benefit plan liabilities and plan assets are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, such measurements were charged to profit or loss for the respective year. As a result of this change, the profit for the year ended 31 March 2017 decreased. There is no impact on the total equity as at 31 March 2017.

#### 8 Forward contracts

Under Ind AS 109, derivatives are fair valued and all fair value gains/losses recognised in statement of profit or loss. Alternatively, hedge accounting allows portion of the gain or loss on the hedging instrument that is determined to be an effective hedge to be recognised in other comprehensive income any remaining gain or loss on the hedging instrument that represents hedge ineffectiveness is recognised in statement of profit or loss. Management has decided not to opt hedge accounting due to hedge ineffectiveness and fair value gains/(losses) are recognised in statement of profit or loss. As a result of this change, the profit for the year ended 31 March 2017 increased. There is no impact on the total equity as at 31 March 2017.

#### 9 Business combination

Under the previous GAAP, excess of purchase consideration over and above the carrying value of assets is recorded as goodwill. Under Ind AS, the assets of acquired entity are to be recorded at fair value and new intangibles assets are identified (if any) and balance (if any) is recorded as goodwill.

#### 10 Tax impact on adjustments

Retained earnings and statement of profit and loss has been adjusted consequent to the Ind AS transition adjustments with corresponding impact to deferred tax, wherever applicable.

#### 11 Retained earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS transition adjustments.

#### 12 Excise duty

Under Previous GAAP, revenue from sale of goods was presented net of excise duty whereas under Ind AS the revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of the Statement of profit and loss as part of expenses.

#### 13 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments and their corresponding income tax effects. The concept of other comprehensive income did not exist under previous GAAP.

**Note - 50**

**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

**Part - "A" : Subsidiaries**

(₹ in lakhs)

S. No.	Name of Subsidiary	2545887 Ontario Inc.('254')	2504584 Ontario Inc.('250')	2323532 Ontario Inc.('232')	Teutech Industries Inc.('Teutech')	Teutech Holding Corporation	Teutech Leasing Corporation	Teutech LLC	Neo Tech Auto Systemz Inc.
1	Reporting period	April 17 to March 18	April 17 to March 18	April 17 to March 18	April 17 to March 18	April 17 to March 18	April 17 to March 18	April 17 to March 18	April 17 to March 18
2	Reporting currency	CAD	CAD	CAD	CAD	USD	USD	USD	USD
3	Exchange rate	Rs.50.46/CAD for BS Rs. 49.52/CAD for PL	Rs.50.46/CAD for BS Rs.49.52/CAD for PL	Rs.50.46/CAD for BS Rs.49.52/CAD for PL	Rs.50.46/CAD for BS Rs.49.52/CAD for PL	CAD 1.29/USD and then Rs.50.46/CAD for BS Rs.49.52/CAD for PL	CAD 1.29/USD and then Rs.50.46/CAD for BS Rs.49.52/CAD for PL	CAD 1.29/USD and then Rs.50.46/CAD for BS Rs.49.52/CAD for PL	Share capital Rs. 64.29/USD Rs.64.88/USD Rs.64.88/USD for PL
4	Share capital	15,345.47	0.05	0.05	24,073.74	1,587.58	0.03	-	6.43
5	Reserves & surplus	(1,377.86)	-	375.65	(9,627.72)	1,493.15	(275.35)	(1,299.35)	(0.65)
6	Total assets	31,437.28	0.05	1,600.07	19,270.47	3,080.72	1,109.38	587.64	-
7	Total liabilities	17,469.66	-	1,224.37	4,824.45	-	1,384.70	1,886.99	-
8	Investments	25,670.54	0.05	-	1,587.58	-	-	-	-
9	Turnover	324.70	-	311.96	21,324.25	-	356.02	1,540.00	-
10	Profit/(loss) before taxation	(926.83)	-	275.85	1,685.83	(0.11)	308.09	178.30	(0)
11	Provision for taxation	(6.22)	-	73.11	142.55	-	14.60	-	-
12	Profit/(loss) after taxation	(920.61)	-	202.74	1,543.28	(0.11)	293.49	178.30	(0.16)
13	Proposed dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
14	% of shareholding	100%	100% (step down subsidiary)	100% (step down subsidiary)	100% (step down subsidiary)	100% (step down subsidiary)	100% (step down subsidiary)	100% (step down subsidiary)	100%

**Comparative period 16-17**

S. No.	Name of Subsidiary	2545887 Ontario Inc.('254')	2504584 Ontario Inc.('250')	2323532 Ontario Inc.('232')	Teutech Industries Inc.('Teutech')	Teutech Holding Corporation	Teutech Leasing Corporation	Teutech LLC
1	Reporting period	April 17 to March 18	April 17 to March 18	April 17 to March 18	April 17 to March 18	April 17 to March 18	April 17 to March 18	April 17 to March 18
2	Reporting currency	CAD	CAD	CAD	CAD	USD	USD	USD
3	Exchange rate	Rs.48.58/CAD	Rs.48.58/CAD	Rs.48.58/CAD	Rs.48.58/CAD	Rs.48.58/CAD	Rs.48.58/CAD	Rs.48.58/CAD
4	Share capital	10,139.07	0.05	0.05	23,001.92	1,558.95	0.03	-
5	Reserves & surplus	(1,820.43)	(0.00)	158.05	(10,920.61)	1,386.62	(551.82)	(1,081.54)
6	Total assets	31,031.27	0.05	1,531.51	16,769.43	2,945.57	1,080.25	412.65
7	Total liabilities	22,712.63	-	1,373.41	4,688.12	-	1,632.04	1,494.19
8	Investments	24,220.65	0.05	-	1,497.91	-	-	-
9	Turnover	19.58	-	24.86	2,185.59	-	31.23	160.21
10	Profit/(loss) before taxation	(249.67)	-	21.80	260.24	(0.03)	25.64	(12.38)
11	Provision for taxation	-	-	6.05	80.98	-	-	-
12	Profit/(loss) after taxation	(249.67)	-	15.75	179.26	(0.03)	25.64	(12.38)
13	Proposed dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL
14	% of shareholding	100%	100% (step down subsidiary)	100% (step down subsidiary)	100% (step down subsidiary)	100% (step down subsidiary)	100% (step down subsidiary)	100% (step down subsidiary)



**Notes :**

- a) Subsidiary Company(ies) do not have any investment in the Holding Company.
- b) Though, the reporting period is different from the Holding Company, however the consolidated financials statements have been drawn as per the financial year of the Holding Company.
- c) There are no associate or joint venture of the Holding Company, hence Part - B of AOC - 1 is not applicable.

**Note - 51**

**Additional information in pursuant to Schedule III of the Companies Act, 2013**

S. No.	Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		% of consolidated net assets	Amount (₹ in lakhs)	% of consolidated net assets	Amount (₹ in lakhs)	% of consolidated OCI	Amount (₹ in lakhs)	% of consolidated total OCI	Amount (₹ in lakhs)
1	Parent	99.83%	24,043.63	93.19%	3,191.22	2.60%	29.47	70.66%	3,220.70
2	Subsidiaries								
	2545887 Ontario Inc.	-9.89%	(2,383.01)	-57.73%	(1,976.85)	98.04%	1,111.56	-18.98%	(865.29)
	Teutech Industries Inc	9.99%	2,407.10	63.70%	2,181.30	-0.05%	(0.53)	47.84%	2,180.77
	Teutech Holding Corporation	-0.11%	(27.16)	0.00%	(0.11)	-2.61%	(29.62)	-0.65%	(29.73)
	Teutech LLC	0.45%	107.99	2.49%	85.38	1.36%	15.36	2.21%	100.74
	Teutech Leasing Corporation	0.12%	28.22	0.78%	26.81	0.66%	7.48	0.75%	34.29
	2504584 Ontario Inc	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	2323532 Ontario Inc	-0.38%	(92.36)	-2.43%	(83.24)	0.00%	-	-1.83%	(83.24)
	Neo-Tech Auto System, Inc., USA	0.00%	(0.65)	0.00%	(0.16)	0.01%	0.07	0.00%	(0.10)
	<b>Total</b>	<b>100.00%</b>	<b>24,083.76</b>	<b>100.00%</b>	<b>3,424.35</b>	<b>100.00%</b>	<b>1,133.79</b>	<b>100.00%</b>	<b>4,558.13</b>

**Comparative period 16-17**

S. No.	Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
		% of consolidated net assets	Amount (₹ in lakhs)	% of consolidated net assets	Amount (₹ in lakhs)	% of consolidated OCI	Amount (₹ in lakhs)	% of consolidated total OCI	Amount (₹ in lakhs)
1	Parent	106.44%	21,444.12	103.66%	2,087.57	-3.26%	38.61	256.34%	2,126.18
2	Subsidiaries								
	2545887 Ontario Inc.	-7.53%	(1,517.72)	-14.55%	(293.01)	103.39%	(1,224.71)	-182.98%	(1,517.72)
	Teutech Industries Inc	1.12%	226.33	11.24%	226.28	0.00%	0.05	27.29%	226.33
	Teutech Holding Corporation	0.01%	2.57	0.00%	(0.03)	-0.22%	2.60	0.31%	2.57
	Teutech LLC	0.04%	7.25	0.39%	7.81	0.05%	(0.56)	0.87%	7.25
	Teutech Leasing Corporation	-0.03%	(6.07)	-0.28%	(5.58)	0.04%	(0.49)	-0.73%	(6.07)
	2504584 Ontario Inc	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	2323532 Ontario Inc	-0.05%	(9.11)	-0.45%	(9.11)	0.00%	-	-1.10%	(9.11)
	<b>Total</b>	<b>100.00%</b>	<b>20,147.37</b>	<b>100.00%</b>	<b>2,013.93</b>	<b>100.00%</b>	<b>(1,184.50)</b>	<b>100.00%</b>	<b>829.43</b>

For O.P. Dadu & Co.  
Chartered Accountants  
Firm Registration No. 001201N  
CA. Amit Gupta  
Partner  
Membership No. 094202  
Place : New Delhi  
Date : 21 May 2018

For and on behalf of  
The Hi-Tech Gears Limited  
Pranav Kapuria  
Managing Director  
DIN 00006195  
S. K. Khatri  
Company Secretary

Deep Kapuria  
Executive Chairman  
DIN 00006185  
Vijay Mathur  
Chief Financial Officer





## NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Members of The Hi-Tech Gears Limited will be held on Saturday, 29th September, 2018 at 11.00 A.M at the registered office of the Company at A-589, Industrial Complex, Bhiwadi- 301019, District Alwar, Rajasthan to transact the following businesses:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2018, together with the Report of the Directors' and Auditors' thereon.
2. To confirm the payment of Interim Dividend and declare the Final Dividend on equity shares for the financial year 2017-18.
3. To appoint a director in place of Mr. Bidadi Anjani Kumar (DIN- 00022417), who retires by rotation and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS:**

#### **4. Appointment of Mr. Anant Jaivant Talaulicar (DIN- 00031051) as Director**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification, amendment or re-enactment thereof for the time being in force and as may be enacted from time to time) and the provisions of Articles of Association of the Company, Mr. Anant Jaivant Talaulicar (DIN- 00031051), who was appointed as an Additional Director by the Board of Directors in their meeting held on May 21, 2018, to hold the office till the date of present meeting and who qualifies for being appointed as a Non-Executive Director and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act read with rules made thereunder, if any, proposing his candidature for the office of Director, be and is hereby appointed as a Non-Executive Director of the Company.

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

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

#### **5. Approval of Inter-Corporate Investments as per Section 186 of the Companies Act, 2013**

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

**“RESOLVED THAT** pursuant to the provisions of Section 186 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification, amendment or re-enactment thereof for the time being in force and as may be enacted from time to time) Company to make investment in other body corporate through ICDs/FDs/ purchase or subscription of equities/preference shares/ Debentures or Bonds/Mutual Funds, Advance etc. in India or not, whether in the same management or not, in one or more tranches, notwithstanding that the aggregate of investment so far acquired or to acquire by way of subscription, purchase or otherwise, securities of any body corporate(s) or for giving loans, guarantees or providing securities to any body corporate or other person/ entity whether in India or outside India, as may be considered appropriate for an amount upto an aggregate not exceeding Rs. 650 Cr (Rupees Six Hundred Fifty Crores Only) outstanding at any time under the said provisions in the best interest of the Company.

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

#### **6. Approval of Related Party Transactions**

To consider and, if thought fit, to pass the following Resolution as a **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 & amendments thereof and in terms of the provisions of Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (including any amendment, modification or re-enactment thereof), the consent of the Company be and is hereby accorded for approval of the following Related Party Transactions:-

Maximum value of contract/transaction (per annum) with effect from 1st October, 2018 (Rs. In Crores, net of taxes)			
Name of Related Parties		Transaction defined u/s 188(1) of the Companies Act, 2013	
		Sale, purchase or supply of any goods, materials	Availing or rendering of any services; Appointment of any agent for purchase or sale of goods, materials, services or property
Vulcan Electro Controls Limited (Vulcan)	Upto 31.03.2019	Sale of Goods: Rs. 4.00 Crores Purchase of Goods: Rs. 72.00 Crores	Rendering of Job Work/Services: Rs. 4.00 Crores Receiving of Job Work/Services: Rs 20.00 Crores
	From 1.04.2019 to 31.03.2020 and thereafter with an increase of 15% p.a.,	Sale of Goods: Rs. 9.20 Crores Purchase of Goods: Rs.165.60 Crores	Rendering of Job Work/Services: Rs. 9.20 Crores Receiving of Job Work/Services: Rs 46.00 Crores
The Hi-Tech Engineering Systems Pvt. Ltd. (THESPL)	Upto 31.03.2019	Sale of Goods: Rs.12.50 Crores Purchase of Goods: Rs.32.50 Crores	Rendering of Job Work/Services: Rs. 2.50 Crores Receiving of Job Work/Services: Rs. 2.50 Crores
	From 1.04.2019 to 31.03.2020 and thereafter with an increase of 15% p.a.,	Sale of Goods: Rs.28.75 Crores Purchase of Goods: Rs.74.75 Crores	Rendering of Job Work/Services: Rs. 5.75 Crores Receiving of Job Work/Services: Rs. 5.75 Crores

**FURTHER RESOLVED THAT** above transactional limits are accounted for six months upto March 31, 2019 and thereafter an increase of 15% p.a. on whole year value on year to year basis be and are hereby approved.

**FURTHER RESOLVED THAT** the Board of Directors of the Company and/or Committee thereof, be and are hereby authorized severally to take all steps and to do all such things and deeds as may be necessary to give effect to this resolution and to communicate necessary information to the Stock Exchanges, Members and such other authorities/persons as may be required under applicable Laws, the Companies Act, 2013, SEBI and rules and other applicable Laws/ regulations made there under.”

**7. Approval of remuneration of Cost Auditor for the financial year 2018-19**

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, 2019, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

**RESOLVED FURTHER THAT** Mr. Pranav Kapuria, Managing Director and/or Mr. Anuj Kapuria, Whole Time Director and/or Mr. Vijay Mathur Chief Financial Officer and/or Mr. S.K. Khatri, Company Secretary of the Company be and are hereby severally authorized to do all such 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 Directors**

**Place: New Delhi**

**The Hi-Tech Gears Ltd.**

**Date: 03/08/2018**

**Registered Office:**

A-589, Industrial Complex,  
Bhiwadi, Distt. Alwar,  
Rajasthan-301019

**S.K. Khatri**

**Company Secretary**  
**Membership No: - F5459**



## **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 carrying voting rights. 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 Sunday, September 23, 2018 to Saturday, September 29, 2018 (both days inclusive) for annual closing and determining the entitlement of shareholders to the Final Dividend for the financial year 2017-18.

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, 2018. 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, 2018, as per the details to be furnished by the depositories for this purpose.

5. The relevant details under Regulation 36(3) of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 in respect of the Directors seeking appointment/reappointment at the Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

6. Pursuant to the SEBI Circular No SEBI/HO/MIRSD/ DOP1/CIR/P/2018/73 dated 20th April, 2018, every listed company has to update the Bank Account details and PAN of all the members of the Company. In view of above, members are requested to intimate changes, if any, pertaining to their name, postal address, email address (if any) telephone and mobile number, Permanent Account Number (PAN), mandates, nomination, power of attorney, Bank details such as, Name of the Bank and Branch, Bank Account Number, MICR code, IFSC code etc. to their DPs in case if share are held in electronic form and to Company's RTA in

case if shares are held in physical form. The request form for providing the above details (in case if shares are in physical form) is attached at the end of this report and is also available on website of the Company i.e. [www.thehitechgears.com](http://www.thehitechgears.com).

7. Pursuant to the provision of SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 dated June 08, 2018, which provides that with effect from **December 05, 2018**, no request for transfer of securities shall be processed by the Company or RTA, as the case may be, until and unless the securities are held in the dematerialized form with a depository.

In view of above, the Members holding shares in physical form are requested to consider the same and convert their holding into dematerialized form to eliminate all risk associated with the physical shares. Members can contact the Company or RTA for any further assistance in this regard.

8. Pursuant to the provision of Section 124, 125 and other applicable provisions, if any, of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the amount of dividend which remains 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 on Company's website.

Further all shares, in respect of which dividends remain unclaimed/ unpaid for seven consecutive years or more, are also required to be transferred to IEPF. Accordingly, the Company identified 32 cases, total consisting of 11241 shares and transferred to IEPF Authority account after following due process. A list of such cases is available on the company website.

In respect of Dividend for the financial year 2010-11 (Final) 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. The proposed date for the transfer of unclaimed final dividend by the Company for the year 2010-11 to IEPF is 02nd November, 2018.

9. As per the provision of Section 89 read with Section 90 of the Companies Act, 2013, the combined effect of both the sections is that every person who is holding a beneficial interest in the shares of the Company shall submit his/her declaration to the Company in the prescribed form and thereafter the Company shall

intimate to the Registrar in the prescribed form along with such declaration.

For the purpose of the above provisions every person means an individual who holds beneficial interest of not less than 25% in the shares of the Company. Therefore every members of the Company is requested to provide the declaration(s) regarding their beneficial interest, if any in the shares of the Company under the said provision.

10. 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.
11. 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.
12. Electronic copy of the Annual Report for 2017-18 along with the Notice of the 32nd Annual General Meeting of the Company (including Attendance Slip and Proxy Form) is being sent to all the members whose Email Ids are registered with the Registrar/ Depository Participants(s) unless any member has requested for a hard copy of the same. For members who have not registered their Email Ids, physical copies of the Annual Report for the FY 2017-18 along with Notice of the 32nd 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.
13. 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.
14. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for 2017-18 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 e-communication, 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@thehitechgears.com](mailto:secretarial@thehitechgears.com).
15. 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 DPs for availing this facility.

16. Route Map and details of Prominent Landmarks of the venue of the meeting is enclosed.
17. 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 cast their vote by remote e-voting 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, 2018 (09:00 a.m.) and ends on September 28, 2018 (05:00 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, 2018, 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):-**

- i. Open the PDF file attached to the email, using your Client Id/ Folio No. as password. The PDF file contains your User Id and Password for remote e-voting. Please note that the password provided in PDF file is 'Initial Password'.
- ii. Launch internet browser and open <https://www.evoting.nsd.com/>
- iii. Click on Shareholder – Login.
- iv. If you are already registered with NSDL for remote e-voting then you can use your existing User Id and Password/PIN for casting your vote.
- v. If you are logging in for the first time, please enter the 'User Id' and 'Initial Password' as noted in step (i) above and click on 'Login'.
- vi. Password change menu will appear. Change the 'Initial Password' with a new Password of your choice with minimum 8 digits/characters or combination thereof. Note the new Password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vii. Home page of remote e-voting will open. Click on remote e-voting: Active Voting Cycles.
- viii. Select 'EVEN' i.e. 109032 of '**THE HI-TECH GEARS LIMITED**'.
- ix. Now you are ready for remote e-voting as 'Cast Vote' page opens.
- x. Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.
- xi. Upon confirmation, the message 'Vote cast successfully' will be displayed.
- xii. Once you have confirmed your vote on the resolution, you cannot modify your vote.
- xiii. 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 to [scrutinizer@thehitechgears.com](mailto:scrutinizer@thehitechgears.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 32nd Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)**

- a. Initial password is provided in the box overleaf.
- b. Please follow all steps from Sl. No. (b) to Sl. No. (I) above to cast vote.

2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at downloads section of [www.evoting.nsd.com](http://www.evoting.nsd.com) or call on toll free no.: 1800-222-990.
3. If you are already registered with NSDL for remote e-voting 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 i.e. Saturday, September 22, 2018.
6. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date, i.e. Saturday, September 22, 2018 (end of day), may obtain the login ID and password by sending a request to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the Company's Registrar - Mas Services Limited at [info@masserv.com](mailto:info@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.  
**Note:** If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) or contact NSDL at the following toll free no.: 1800-222-990.  
*In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID+ClientID).*  
*In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No).*
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 e-voting 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.thehitechgears.com](http://www.thehitechgears.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 BUSINESSES PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

##### **Item No. 4**

The Board of Directors ("the Board") on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Anant Jaivant Talaulicar (DIN-00031051) as an Additional Director in the Company to be designated as Non-Executive Director. His appointment was effective from May 21, 2018 up to the date of the Annual General Meeting, but the members may appoint him as a regular Director.

The Company has received a Notice in writing from a Member of the Company proposing the candidature of Mr. Anant Jaivant Talaulicar for the office of Director of the Company under Section 160 of the Companies Act, 2013.

Mr. Anant Jaivant Talaulicar consented to act as a Director of the Company and has given the requisite disclosures to the Board as provided under Section 152 and any other applicable provision of the Companies Act, 2013 and Rules made thereunder.

A brief resume & additional information of Mr. Anant Jaivant Talaulicar is annexed herewith in **Annexure-A**, mentioning therein the nature of his expertise in specific functional areas and the name of the company in which he holds the position of a Director as per Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

Copy of the draft letter for appointment having the terms and conditions of appointment of Mr. Anant Jaivant Talaulicar as a Non-executive Director are open for inspection by Members at the Registered Office of the Company during normal working hours between 11.00 a.m. and 01.00 p.m. on all working days (except Saturdays & Sundays).

He is not related to any other Director of the Company.

Your Directors recommend the resolution set forth in item no. 4 for approval of the members as an **Ordinary Resolution**.

Except Mr. Anant Jaivant Talaulicar, 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. 4 of the Notice.

##### **Item No. 5**

As per the provisions of Section 186 of the Companies Act, 2013, the Board of Directors of a Company can make any investment/ give any loan/ give any guarantee or provide security to anybody corporate or other person whether in India or our side India beyond the prescribed ceiling provided a special resolution is passed by the members of the Company.

As a measure of achieving greater financial flexibility and to enable optimal financing structure, the shareholders in the Annual General Meeting held on September 23, 2016 have set a limit of Rs 600 Cr. the investments etc. Now this permission is sought pursuant to the provisions of Section 186 of the Companies Act, 2013 to give powers to the Board of Directors or any duly constituted committee thereof, for making further investment, providing loans or giving guarantee or providing securities in connection with loans to subsidiary companies (including overseas subsidiaries) for an amount not exceeding Rs. 650 Cr.

The investment(s), as the case may be, will be made in accordance with the applicable provisions of the Companies Act, 2013 and relevant rules made there under. These investments are proposed to be made out of own/surplus funds/internal accruals and or any other sources including borrowings, if necessary, to achieve long term strategic and business objectives.

Your Directors recommend the resolution set forth in item no. 5 for approval of the members as an **Special Resolution**.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

##### **Item No. 6**

In terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 188 and other applicable provisions of the Companies Act, 2013 all transactions with related parties, which are of material in nature, are subject to the approval of the Members of the Company by way of Ordinary Resolution.

For this purpose, the term "Material Transaction" means any transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity



The shareholders in their Annual General Meeting held on September 29, 2015 have authorised the Board to enter into transactions to the limits prescribed. However, the contracts with the related entities expire on September 30, 2018. In view of this a fresh approval is required pursuant to the new contracts upon the recommendation of Audit Committee and the Board.

Each of the proposed transaction with entities, such as Vulcan Electro Controls Limited (hereinafter referred to as 'Vulcan') and The Hi-Tech Engineering Systems Private Limited (hereinafter referred to as 'THESPL') is exceeding the materiality threshold as provided above therefore would require the approval of the by way of Ordinary Resolution.

In order to comply with the requirements of Companies Act, 2013 and Regulation 23 of said the Regulations, the Company proposes the members to approve the aforesaid related party transactions by way of Special Resolution, the details of which are mentioned below:

#### **Name of the Related Parties**

- a. Vulcan Electro Controls Limited (Vulcan)
- b. The Hi-Tech Engineering Systems Pvt. Ltd. (THESPL)

#### **1. Nature of Relationship**

- **With Vulcan Electro Controls Limited:** Mr. Anuj Kapuria is a common director & holds along with his relatives more than 2% of paid-up share capital of Vulcan.
- **With The Hi-Tech Engineering Systems Private Limited:** Mrs. Veena Kapuria, relative of all Executive Directors is a director in THESPL

#### **2. Nature, material terms and other brief details of proposed transactions**

##### **i. With Vulcan Electro Controls Limited**

- a) **From 01-10-2018 to 31-03-2019**, Sale of Goods: Rs. 4.00 Crores, Purchase of Goods: Rs. 72.00 Crores, Rendering of Job Work/ Services: Rs. 4.00 Crores, Receiving of Job Work/ Services: Rs. 20.00 Crores.
- b) **From 01-04-2019 to 31-03-2020**, Sale of Goods: Rs. 9.20 Crores, Purchase of Goods: Rs. 165.60 Crores, Rendering of Job Work/ Services: Rs. 9.20 Crores, Receiving of Job Work/ Services: Rs. 46.00 Crores.

Validity of arrangement: Long term ongoing arrangement unless terminated by the parties otherwise.

##### **ii. With The Hi-Tech Engineering Systems Private Limited**

- a) **From 01-10-2018 to 31-03-2019**, Sale of Goods: Rs. 12.50 Crores, Purchase of Goods: Rs. 32.50 Crores, Rendering of Job Work/ Services: Rs. 2.50 Crores, Receiving of Job Work/ Services: Rs. 2.50 Crores.
- b) **From 01-04-2019 to 31-03-2020**, Sale of Goods: Rs. 28.75 Crores, Purchase of Goods: Rs. 74.75 Crores, Rendering of Job Work/ Services: Rs. 5.75 Crores, Receiving of Job Work/ Services: Rs. 5.75 Crores.

Validity of arrangement: Long term ongoing arrangement unless terminated by the parties otherwise.

#### **3. Name of the Directors / Key Managerial Personnel who is related, if any**

Mr. Deep Kapuria, Chairman, Mr. Pranav Kapuria, Managing Director and Mr. Anuj Kapuria, Executive Director.

#### **4. Any other information relevant or important for the Members to make a decision on the proposed transactions**

The limits mentioned in 2(i)(b) and 2(ii)(b) are for the respective transactions are upto 31st March, 2020 and **thereafter an increase of 15% pa on each transaction at whole year value basis**. The Audit Committee and Board of Directors in its meeting held on August 03, 2018 has already approved the aforesaid transactions with Vulcan and THESPL.

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

Except Mr. Deep Kapuria, Mr. Pranav Kapuria and Mr. Anuj Kapuria, Directors, being related to each other, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the agenda as set out at item no. 6 of the notice.

#### **Item No. 7**

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 2018-19 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. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

Your Directors recommend the resolution set forth in item no. 7 for approval of the members as **Ordinary Resolution**.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the agenda as set out at Item No. 7 of the Notice.

**Place: New Delhi**  
**Date : August 03, 2018**

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

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

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

## Annexure A

Particulars	Mr. Bidadi Anjani Kumar	Mr. Anant Jaivant Talaulicar
<b>Directors Identification Number (DIN)</b>	00022417	00031051
<b>Date of Birth &amp; Age</b>	25/03/1952 66 years	11/07/1961 57 years
<b>Date of Initial appointment</b>	03/11/2015	21/05/2018
<b>Date of current re-appointment</b>	29/09/2018 (Being proposed)	To be regularized in the ensuing annual general meeting.
<b>Experience &amp; Expertise</b>	<p>Mr. Kumar is an existing management consultant of the Company. He has vast experience in the field of Business strategy, taxation, Accounts, Financial planning, along with sound experience necessary to guide organization in the competitive Environment.</p> <p>Mr. Bidadi Anjani Kumar, is a seasoned Chartered Accountant (FCA). He served in Industry both in India and abroad for several years of his professional life. Now he has been practicing as a Management Consultant since 2010, with a focus on Best Practices, Corporate Governance, Strategic Planning and M &amp;A.</p>	<p>Mr. Anant Jaivant Talaulicar is a Master of Mechanical Engineering and Master of Business Administration. He has rich experience in the Engineering field, Corporate Strategy and General Management. He served as a financial analyst and held manufacturing engineering and product management positions in the Engine Business Unit. The Company stands to benefit from his experience and expertise. He became Chairman &amp; Managing Director of Cummins India in 2004.</p> <p>He also served as a member of the Confederation of Indian Industries, Society of Indian Automobile Manufacturers and Automobile Components Manufacturers Association.</p>
<b>Qualification</b>	Chartered Accountant	<ol style="list-style-type: none"> <li>1. Masters in Engineering from the University of Michigan.</li> <li>2. Masters in Business Administration from Tulane University.</li> </ol>
<b>Board Membership of other Companies as on 31/03/2018.</b>	<ol style="list-style-type: none"> <li>1. Kennametal India Limited</li> <li>2. Premium Transmission Private Limited</li> <li>3. Mikrotek Machines Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. KPIT Technologies Limited</li> <li>2. Trihans Trading Private Limited</li> <li>3. Remex Finance Private Limited</li> </ol>
<b>Chairman/Member of the Committee of the Board of Directors as on 31/03/2018</b>	<p><b>Kennametal India Limited</b> Audit Committee (Chairman) Stakeholder Relationship Committee (Member) Nomination &amp; Remuneration Committee (Member) CSR Committee (Member) Risk Management Committee (Member)</p> <p><b>Premium Transmission Private Limited</b> Audit Committee (Member)</p>	<p>KPIT Technologies Limited Audit Committee (Member)</p>
<b>Number of shares held in the Company as on 31/03/2018</b>	-	-
<b>Relationship with Directors</b>	None	None

- For the purpose of Board and Membership of Committees/ Chairman, Indian Companies are considered.



# THE 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 e-mail : secretarial@thehitechgears.com

## 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 32nd Annual General Meeting of the Company, to be held on Saturday, the 29th day of September, 2018 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, 2018, 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 for the financial year 2017-18			
3	To appoint a director in place of Mr. Bidadi Anjani Kumar (DIN-00022417) who retires by rotation and being eligible has offered himself for re-appointment			
4	Appointment of Mr. Anant Jaivant Talaulicar (DIN- 00031051) as Non-Executive Director			
5	Approval of Inter-corporate Investments as per Section 186 of the Companies Act, 2013			
6	Approval of Related Party Transactions			
7	Approval of remuneration of Cost Auditor for the financial year 2018-19			

Signed this ..... day of ..... 2018.  
(date) (Month)

Signature of Shareholder(s)

Signatures of:

.....  
**First Proxy Holder**

.....  
**Second Proxy Holder**

.....  
**Third Proxy Holder**



### Notes:-

- \*1. Please put a '✓' 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 and the proxy cannot vote separately.



## THE HI-TECH GEARS LIMITED

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CIN- L29130RJ1986PLC004536 website: - www.thehitechgears.com  
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### ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD	NO. OF SHARES

The e-voting facility will be available during the following voting period:

Commencement of e-voting	From 09:00 a.m. (IST) on September 26, 2018
End of e-voting	Upto 05:00 p.m. (IST) on September 28, 2018

The cut-off date (i.e. the record date) for the purpose of e-voting is September 22, 2018



TEAR HERE



## THE HI-TECH GEARS LIMITED

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CIN- L29130RJ1986PLC004536 website: - www.thehitechgears.com  
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### ATTENDANCE SLIP

I/We hereby record my presence at the 32nd Annual General Meeting held on Saturday, September 29, 2018 at 11.00 a.m. at the registered office of the Company at A-589, Industrial Complex, Bhiwadi - 301019, District Alwar, Rajasthan

**Name of the Shareholders or Proxy (In Block Letters)** .....

**No. of Shares Held** .....

**Regd. Folio No./DPID-CLID** .....

(Signature of the Shareholder/Proxy)

**Note :**  
**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.**





**(SHAREHOLDERS ARE REQUESTED TO SUBMIT THIS FORM TO RTA OF THE COMPANY)  
REQUEST FORM**

**To,**  
**MAS SERVICES LIMITED**  
T-34, 2nd Floor, Okhla Industrial Area,  
Phase II, New Delhi - 110020

**SUBJECT: - UPDATION OF BANK DETAIL AND PAN DETAIL**

**UNIT:**  
**FOLIO NO:**

Dear Sir,

With reference to your letter regarding the captioned subject, please find below our bank and PAN detail for updating the same in company records:

A PAN of 1st shareholder 

--	--	--	--	--	--	--	--	--	--	--	--

PAN of 2nd shareholder 

--	--	--	--	--	--	--	--	--	--	--	--

PAN of 3rd shareholder 

--	--	--	--	--	--	--	--	--	--	--	--

B Bank Details of 1st Shareholder:

Name of Bank: \_\_\_\_\_

Branch Address : \_\_\_\_\_

9 Digit MICR Code 

--	--	--	--	--	--	--	--	--

Bank Account Number 

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

11 Digit IFSC Code \_\_\_\_\_

Account type: (Please tick '✓')      Saving / Current account / cash credit

C. Other details:

EMAIL-ID: \_\_\_\_\_  
(In block letters)

MOBILE No. / PHONE No.: \_\_\_\_\_

D Please tick '✓' any one of the below:

No change in our address:

My new address as follows. Please change/update my address in your records. I am enclosing any two proofs:  
Driving License/ Passport/ Aadhar Card/ Voter ID Card

New Address: (FILL IN BLOCK LETTERS)

\_\_\_\_\_

\_\_\_\_\_

Thanking you,  
Yours truly,

\_\_\_\_\_  
<Signature of 1st Shareholder>  
NAME

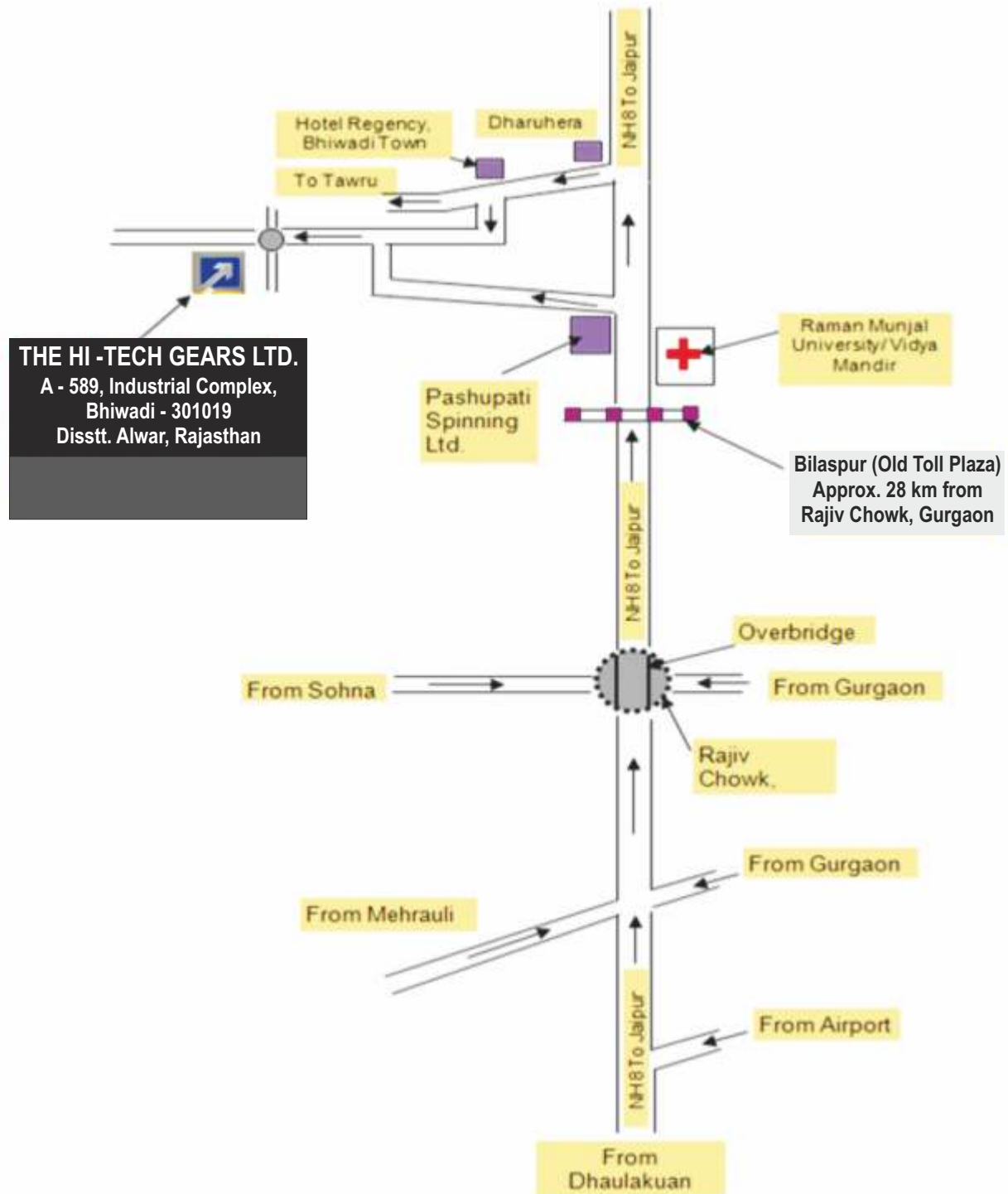
\_\_\_\_\_  
<Signature of 2nd Shareholder>  
NAME

\_\_\_\_\_  
<Signature of 3rd Shareholder>  
NAME

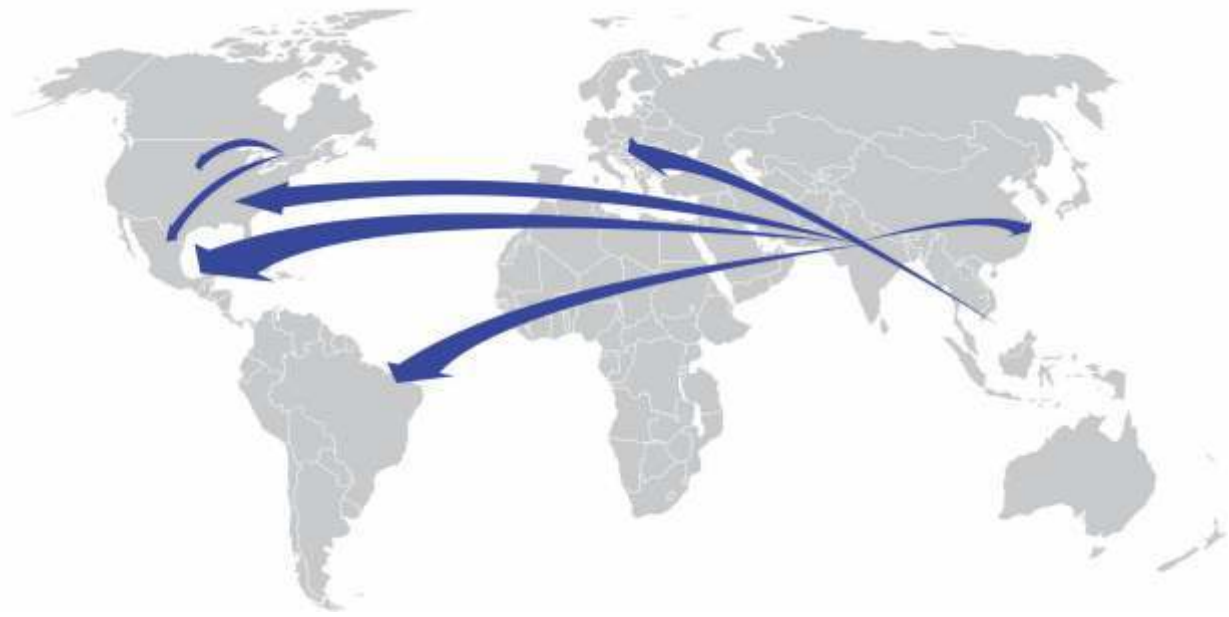
- Enclosures:** 1. Self attested Copy of PAN card, including that of joint shareholder(s)  
2. Original cancelled cheque of 1st shareholder (with name printed on it)  
3. Self attested Copy of photo-ID address proof (in case of change of address)



## Route Map



# Global footprint



The Visual Factory - seeing the Glasswall



## 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-122009, Haryana. **Tel.:** + 91(124) 4715100 **Fax:** + 91(124) 2806085

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