



**Hi-Tech Gears Limited**  
**26th Annual Report 2011-2012**



passion | innovation | technology



**passion to succeed**

## 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”**

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## 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, 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.

## Corporate Office

14<sup>th</sup> Floor, Tower – B,  
Unitech's Millennium Plaza,  
Sushant Lok – 1, Sector – 27,  
Gurgaon,  
Haryana – 122009-01  
Tel : (0124)4715100,  
Fax : (0124) 2806085,  
Email : Secretarial@hitechgears.com

## Registered Office & Works

A-589, Industrial Complex,  
Bhiwadi – 301019,  
Dist. Alwar, (Rajasthan),  
Tel: (01493) 641237-39/641227 -29

## Plant II:

Plot No. 24,25 & 26,  
Sector -7 , IMT Manesar, Gurgaon,  
Haryana – 122050,  
Tel: (0124) 4715200,  
Fax: (0124) 4368025

## Plant III:

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

## Bankers

DBS Bank Ltd.  
ICICI Bank Ltd.  
Citi Bank N.A.  
Standard Chartered Bank  
State Bank of India  
State Bank of Bikaner & Jaipur  
Bank of Baroda  
Yes Bank Limited

## Registrar & Transfer Agent

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

## Board of Directors

Sh. Deep Kapuria  
Chairman  
  
Mr. Anil Kumar Khanna  
Independent Director  
  
Mr. Pranav Kapuria  
Managing Director  
  
Mr. Sandeep Dinodia  
Independent Director  
  
Mr. P.C.Mathew  
Independent Director  
  
Mr. Vinit Taneja  
Independent Director  
  
Mr. Anuj Kapuria  
Executive Director  
  
Mr. Ramesh Chandra Jain  
Director  
  
Mr. Prosad Dasgupta  
Additional Director  
  
Mr. Krishna Chandra Verma  
Additional Director

## Senior Executives

Mr. Ravindra Ojha  
Joint CEO  
  
Mr. Vijay Mathur  
Sr. General Manager (Finance)

## Principal Officer

Mr. S. K. Khatri  
Company Secretary

## Statutory Auditors

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

## Internal Auditors

Ernst & Young Pvt. Ltd.  
Golf View Corporate Tower – B  
Sector – 42, Sector Road,  
Gurgaon – 122002, Haryana (India)

# MILES



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



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



# 1986

Down  
the  
years

# TONES



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

**BOSCH**



**CATERPILLAR**

**HONDA**

- 2005 State-of-the-art Manufacturing Facility set up at Manesar
- 2007 Hi-Tech e.Soft (division of HGL) certified for ISO 9001 : 2000
- 2008 ACMA Export Award 2006-07
- 2008 Setup of Pune Office
- 2009 Excellence Award for Manufacturing and Export
- 2010 TPM Excellence Awards Category A & Shingo Silver Medallion
- 2011 New State of Art "ECOFAC" Plant setup in Bhiwadi
- 2012 Award for Excellence in consistent TPM Commitment.



**DAIMLER**  
Daimler India Commercial Vehicles Pvt. Ltd.



**WABCO**



# 2012





## Chairman's Message

Dear Shareholders,

In this post silver-jubilee report, I have the pleasure to inform you that your company has done exceedingly well in many spheres during the Financial Year 2011-12, 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. Most importantly, it has renewed its commitment towards green manufacturing. Today, with a Green 'ECOFAC' plant which has been awarded the Gold level of certification by the India Green Building Council, 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.

### Global Scenario

In this era of globalization, national economies depend more and more on international factors. The year under review started in a cautious manner due to unabated headwinds faced by the EU economies and an uncertain US economic recovery. Unfortunately, the uncertainty and volatility continued throughout the year, especially in the Euro zone, which continues even to date.

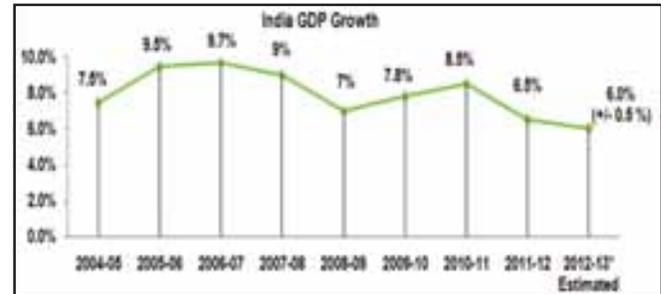
In the auto industry, as in many others, global OEMs are consolidating with Tier 1 companies to remain competitive. As a result suppliers are facing volatility in demand and a major reconstruction of supply chains are in process. Your company is a major player in the market and is thus facing challenges as well. However, your company is keeping abreast of even minute changes in the industry, and is therefore better equipped to overcome the constraints and develop measures to restrict the impact.

We are also at a geological crossroad, where our planet earth is getting warmer year after year, resulting in drastic changes in climatic conditions. This is evident even from the drought like conditions faced in most parts of our country this year. This has a direct effect on agricultural production as well as on our living conditions, which directly and indirectly shapes the economy. Today, Green Manufacturing is no more a fashionable idea, but a necessity for ensuring our own existence. Your company being a responsible corporation, is constantly setting a higher benchmark for itself, and has become an example for the industry.

### The Indian Macro Economic Scenario

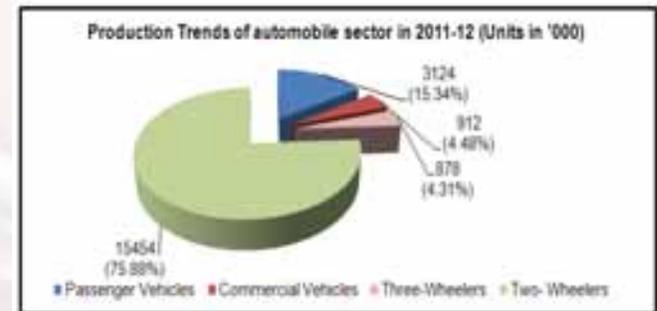
India is not isolated or insulated anymore and had to obviously feel the adverse impact of events happening in

the world's Financial, Commodity and Industrial markets. I had hinted in our last annual report about the negative impact of this on our GDP growth and each quarter of FY 2011-12 showed a steady decline, with the full year recording a growth of only 6.5 % vs 8.4 % in FY 2010-11.



The situation now is unfortunately even more alarming with GDP growth estimates for FY 2012-13 ranging from just 5.5% to 6.5%! The reasons are very many and widely discussed. It would therefore not serve any purpose to discuss all of them here in this report, except to say that what is required now from all concerned is not further analysis but positive and constructive action, with India's long term future in mind!

### The Indian Auto Industry



In this volatile situation, India Inc. has a tryst with destiny to prove that it can face and overcome global headwinds by focusing on its internal and domestic strengths and capitalizing on its inherent innovative skills. Your company is also a soldier in this fight against factors slowing down growth and is working closely with stakeholders of the industry, economists, scientists, policy-makers and others, to steer the country back onto a strong growth path.

The Two-wheeler industry continues to have a high base with domestic sales of more than 13.4 million units in FY 12 and a growth of 14 %. However, the demand is now seen more and more from rural and semi-urban areas. As the rural demand is strongly impacted by the vagaries of the monsoon, growth for even the two wheeler sector is not seen at double digit levels in FY 12-13, as it was in previous years. Growth in the Heavy Vehicles segment has in fact been negative in Q1 of FY 13 which is a clear indicator of slowing industrial growth across the nation.



## Future Outlook

As mentioned earlier, action has to be the key word now and only concerted action by and between all stakeholders can avoid or at least mitigate the ill effects of an impending slowdown. International regulatory standards for Green energy, products and processes should be made mandatory as stringent regulation and effective enforcement would be an opportunity for Indian industries also to build global brands.

Despite various tough measures taken by the RBI, inflation has still not come down to its targeted levels and continues to be a source of concern for both the consumer and industry. The fiscal deficit is another matter of major concern and reports / estimates indicate that it could be as high as 5.9 % in FY 13. This means that the nations credit rating is at risk of being downgraded unless action is taken urgently to contain costs through reduction of subsidies and the restricting the oil import bill. Slowdown of FDI inflows is a direct result of these factors and the lack of positive action. The Indian Rupee has suffered as a result leading to even higher costs for imports of even essentials. The outlook therefore does not look promising atleast for the short term i.e. FY 13, but there is no doubt about the fact that our nation has the ingenuity to fight back and restore its high growth trends if we all work as 'One Nation'.

## Company Strategy and Results

Your company has made its mark as a leader of sustainable manufacturing. Our state-of-the-art Plant in Bhiwadi is operating to its capacity now while minimizing wastes and pollutants. 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 strategy and policies. To summarise the financial results for the year 2011-2012, I must mention that there was significant growth in all the key areas. The net turnover of the company grew by 17 % and touched Rs. 497.48 crores. As a result of this and our enhanced operating efficiencies, the profit before tax grew even higher to Rs 62.51 crores and the profit after tax stood at Rs. 42.11 crores. The Company has shared the gains among the shareholders by declaring an interim dividend of 20%. Your Board of Directors have further reviewed the cash position of the Company and have recommended a final dividend of 25% for your approval, thus taking the total to 45% of share capital with a payout of Rs. 8.45 crores.



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, despite any setbacks and hurdles that we may face in the short term due to the prevailing global economic scenario. 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.

Deep Kapuria  
Chairman



## Managing Director's Message

Dear Shareholders,

I look forward to this opportunity to communicate with you again and give you an update on your Company's progress and growth. As they say, enduring commitment and hard work pays its dues: During the Financial Year ended 31<sup>st</sup> March, 2012, your company made significant progress both in manufacturing capability as well as its financial performance, despite an uncertain and volatile economic environment.

### Macroeconomic Scenario

We are all aware of the difficult times that the Euro zone has gone through in Fiscal Year 2011-12 and how it has adversely affected not merely countries in that region but almost all developing nations across the world, by slowing down international trade and by generating a negative business sentiment across the globe. The uncertain growth scenario in the USA did not help matters and made the struggle even more difficult for developing countries such as ours.

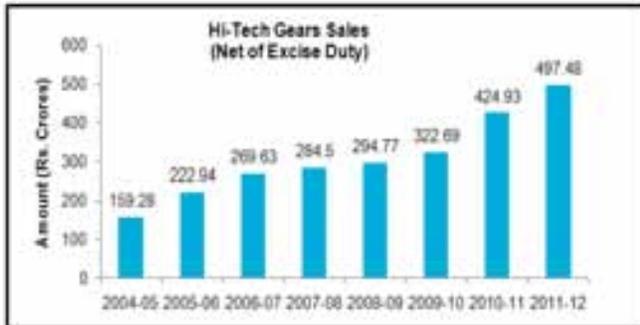
Our own actions in our multi-party democracy coupled with the absence of positive steps, led to an international downgrade of our outlook. The growing fiscal deficit, inflation and the slowdown in growth rates has now raised genuine concerns of even a downgrade to the country's credit rating. As you might have noted all these factors led to a reduction in GDP growth rates in each quarter of FY 12. Starting with a growth of 8 % in Q1, it came down to 6.1 % in Q3 and saw a further fall to just 5.3 % in Q4. This was obviously a depiction of what was happening across the board in our nation and your company was not spared either as business sentiment saw a downward spiral.

### Company's performance and Outlook

Despite the above your company made good progress during the year under review recording well above average

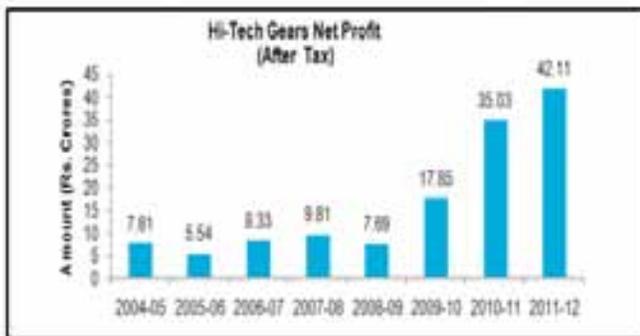


growth in both sales and profits. Your company's net turnover in FY 12 touched Rs.497.48 crores (Previous year Rs. 424.93 crores), recording an increase of 17%. The sales growth was supported by a strong growth of 41% in your company's export turnover also, despite the volatile scenario in customer geographies. This volatility is unfortunately expected to only increase in FY 13 due to various measures being taken by customers to restructure and remain competitive. Your company is however closely monitoring these developments and making concerted efforts at business development to compensate for and overcome these factors.



The Net Profit (After tax) of the Company in the period under review, increased from Rs. 35.04 crores to Rs. 42.11 crores, recording an increase of 20.21 % as compared to the previous year.

HGL believes in sharing the gains with its stakeholders and paid interim dividend of 20% during the period under review. Satisfied with the performance of the Company I am pleased to report that the Board of Directors have further recommended a final dividend of 25% i.e. Rs. 2.50 per equity share subject to the your approval at the ensuing Annual General Meeting resulting in a total dividend payout of Rs. 8.45 crores for the year.



Your company's credible performance during the year under review was not restricted to merely its sales and profitability. Strategic investments in capital expenditure were also made by your company keeping the future in mind. The capital expenditure of Rs 65.81 crores made during the year was the highest since inception and has significantly improved not only your company's production capacity but also enabled it to diversify into strategic areas which will be invaluable in the future.

As a part of these strategic investments, your company now has a Green ECOFAC plant which has been awarded the Gold level of certification by the Indian Green Building Council. This has been highly appreciated not only by the concerned authorities but also by customers and will become a model for future sustainable manufacturing growth.

Your company's valuable and esteemed customers have expressed appreciation not only for the above notable achievement but also have recognized our services and quality by bestowing awards upon us for being a preferred supplier. I am proud to inform you that Cummins, the renowned manufacturer of industrial engines and power generation equipment conferred upon your company an 'Award for Superior Quality'. Similarly, JCB India, the very well known manufacturer of construction & agricultural equipment has also recognised your company with the Best Supplier – Quality award. These are of great significance and value to us as they reflect our commitment to quality and customer focus.

My sincere thanks to all our customers, our supply chain partners, our bankers, the members of our Board of Directors and all the government authorities who have guided and supported us through this volatile period. Your company, with its commitment to excellence and its committed employees is determined to pass through the current turbulent period in both the global and domestic scenarios and we seek the continued support of all our stakeholders in this earnest endeavor.

Pranav Kapuria  
Managing Director



## DIRECTORS' REPORT

### Dear Members,

Your Directors have great pleasure in presenting the 26<sup>th</sup> Annual Report of your Company, together with the audited statement of accounts for the financial year ended 31st March, 2012.

### Financial Results

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

(Rs.in lacs)

Particulars	2011-2012	2010-2011
<b>Sales (net of excise duty)</b>	<b>49748.43</b>	<b>42493.15</b>
Other Income	349.79	246.38
Total Income	50098.22	42739.53
Profit before Depreciation, Interest & Taxes (PBDIT)	8974.87	7641.06
Depreciation	1982.28	1618.71
Profit before Interest & Taxes (PBIT)	6992.59	6022.35
Financial Charges	741.40	756.16
Earning before Taxes (PBT)	6251.19	5266.19
Provision for Taxes	2039.78	1762.72
Profit after tax (PAT)	4211.41	3503.47
Balance of profit brought forward	5456.41	3276.53
Balance available for appropriation	9667.82	6780.00
Dividend	844.56	750.72
Tax on dividend	137.01	122.87
Transfer to General Reserve	450.00	400.00
Balance Surplus in P & L Account	8186.25	5456.41
Paid-up Equity Share Capital	1876.80	1876.80
Earnings Per Share (EPS)	22.44	18.67

### Operations

The year gone by proved to be another successful year for the performance of your company and remained good for exports. The revenues of the Company (net of excise duty) increased to Rs. 49748.43 lacs in 2011-12 as compared to Rs. 42493.15 lacs in 2010-11, thus registering an impressive increase of 17.07 %.

The Indian automobile industry grew by almost 14% as compared to 27% in the previous year due to the low demand in domestic market. Demand for cars including low end hatchbacks fell for the first time in three years. Sales in commercial vehicles were moderate & in three wheeler segment, negative growth was noted. Two wheeler remain the star performer with a share of 77% in total automobile sale. The growth of the Company is better compare to market conditions. The Net Profit (after tax) of the Company has increased from Rs. 3503.47 lacs to Rs. 4211.41 lacs, recording an increase of 20.21% as compared to the previous year.

The year under review saw an increase in demand for the company's products in both the domestic and exports markets.

### Exports

The Export Sales were the most encouraging during the year under review. The automobile Industry was able to post almost 25% increase by exporting 2.91 million units. Your Company also recorded a total export turnover of Rs. 127.45 crores as compared to export sales of Rs. 90.02 crores in the previous year, thus registering an increase of 41%. The higher exports were made possible because your company penetrated the European and Latin American markets also in addition to US market. The Customers in those countries recognized & accepted the quality of products offered by the Company to their satisfaction.

### Dividend

During the year, an interim dividend of 20 % i.e. Rs. 2.0 per equity share amounting to Rs. 375.36 lacs was declared and paid the same is being confirmed at the forthcoming AGM. The Directors have now recommend to the shareholders a final dividend of 25% i.e. Rs. 2.50 per equity share subject to the approval of the shareholders at the ensuing Annual General Meeting resulting in a payout of Rs. 469.20 lacs. The total dividend payout stands at Rs 844.56 Lacs (Previous year Rs 750.72 Lacs) & tax on dividend comes to Rs 137.01 Lacs (Previous year 122.87 Lacs)

If the dividend on the shares as, recommended by the Board of Directors, is approved by the shareholders in their 26<sup>th</sup> Annual General Meeting, payment of such dividend will be made to those members whose names appear in the Register of Members as per the book closure dates mention in the shareholders information.

In addition to above the Board proposes to transfer an amount of Rs 45,000,000/- to General Reserve in compliance to the requirements of Section 205(2A) of the Companies Act, 1956.

### 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. Shareholders who wish to change their bank account details are therefore requested to advise their depository's participants about such changes.

Those shareholders who have not yet opted for the ECS facility are once again requested to avail the benefits of ECS.

### **Postal Ballot**

During the financial year 2011-12, no Special Resolution was required to be passed through postal ballot. At the forthcoming Annual General Meeting, there is no item for approval through Postal Ballot.

### **Code for Prevention of Insider Trading Practices**

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, your Company has adopted a Code of Conduct for Prevention of Insider Trading Practices for its Directors and designated employees. The code lays down guidelines, which include procedures to be followed, and disclosures to be made while dealing in the shares of the Company.

### **Trading Window**

In accordance with the Code of Conduct for prevention of insider trading, the Company closes its trading window for designated employees and directors from time to time. As per the policy, the trading window closes for a period of 7 (seven) days, prior to the date of the Board Meeting and opens 24 hours after the conclusion of Board Meeting in which the respective quarterly/half yearly/ yearly financial results are approved. The trading window is also closed during and after occurrence of price sensitive events as per the Code of Conduct for prevention of insider trading.

### **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. A copy of the code of conduct has been circulated to all the directors and Senior Management.

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.

### **Secretarial Audit**

M/s Grover Ahuja & Associates, practicing Company Secretary carried out the Secretarial Audit on quarterly basis to reconcile the total issued and listed share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The

Board of Directors confirms that the total issued and paid up capital as on 31<sup>st</sup> March, 2012 is reconciled with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Secretarial audit report is being submitted every quarter to the Stock Exchanges and is also placed before the Board Meeting.

### **Cost Compliance Certificate**

As per notification no. G.S.R. 429(E) dated 3rd June, 2011, Ministry of Corporate Affairs, has mandated for the Cost Compliance Certificates to be compulsorily obtained from Cost Accountants by the certain Companies. The Company being eligible as per the criteria mentioned in the said notification obtained a Cost Compliance Certificate for the year 2011-12 from M/s Kabra & Associates, Cost Accountants which was duly approved in the Board Meeting held on 26th May, 2012.

### **Subsidiary Company**

The Company had no subsidiary during the financial year 2011-12.

### **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 (NSE) and the Bombay Stock Exchange Limited (BSE) Mumbai. Pursuant to Clause 38 of the Listing Agreement, the annual listing fees for the year 2012-2013 has been paid within the prescribed time period. It is further confirmed that custodian fee to NSDL/CDSL for the year 2012-13 has also been paid.

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

98.88 % 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.

### **Directors**

Recently the Board of Directors of your company has been reconstituted with the induction of two new Additional Directors, Mr. Krishna Chandra Verma w.e.f November 12, 2011 and Mr. Prosad Dasgupta w.e.f February 14, 2012. The appointment of Mr. Krishna Chandra Verma and Mr. Prosad Dasgupta are up to the forthcoming Annual General Meeting your Board commends to the shareholders, their appointment as a Director of the Company.



Mr. Vinit Taneja and Mr. P.C. Mathew, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Mr. Deep Kapuria, Mr. Pranav Kapuria, Mr. Sandeep Dinodia, Mr. Anil Kumar Khanna, and Mr. Anuj Kapuria, Mr. Ramesh Chandra Jain are the other continuing Directors

A brief profile of the directors proposed to be appointed or re-appointed and the information pursuant to Clause 49 VI (A) of the Listing Agreement is being annexed to the Notice convening the 26<sup>th</sup> Annual General Meeting.

#### **Auditors**

M/s Gupta Vigg & Company, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the Annual General Meeting of the Company and being eligible, have offered themselves for re-appointment. The Company has received an eligibility certificate from the auditors under Section 224 (1B) of the Companies Act, 1956. The Board of Directors recommends their re-appointment.

With respect to the point no. ix (b) in annexure to the Auditors' Report with regard to non deposit of disputed taxes, the Board to inform that company has preferred appeal to Assessing Authorities. The rest of report by the Statutory Auditors is self explanatory. Please refer to the Notes to Accounts wherever necessary.

#### **Directors Responsibility Statement**

In compliance of Section 17(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Board of Directors of your Company confirms:

- a. That the applicable accounting standards have been followed in the preparation of final accounts for the year ended March 31, 2012 and that there are no material departures.
- b. That such accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date.
- c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities, and
- d. That the annual accounts for the year ended March 31, 2012 have been prepared on a going concern basis.

#### **Audit Committee**

Company has duly constituted Audit Committee, which meets on regular intervals for the business required to be

transacted thereat. The recommendation made by such committee are accepted by the Board.

#### **Particulars of Employees**

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, is given in Annexure-I, to this report.

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

Your Company continuously strives for Safety, Environment Management and conservation of resources like fuel, water, gas and power. Therefore, emphasis is being laid on employing sophisticated techniques which result in conservation of natural resources like energy, fuel etc.

Your company gives high priority to safety which envisages a zero accident policy as the only acceptable standard of performance.

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 17(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988, are given in Annexure-II, to this Report.

#### **Corporate Governance**

The Report on Corporate Governance is attached herewith in Annexure-III, and the certificate from the Statutory Auditors confirming compliance with the provisions of Corporate Governance as stipulated in Clause 49 of the listing agreement is also attached to the report.

#### **Management discussion & analysis report**

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

#### **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.

#### **Public Deposits**

During the year under review your Company neither invited nor accepted any deposit within the meaning of Section 58-A of the Companies Act, 1956, and rules made there under.



## 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.



## Awards and Other Recognitions

Your directors have pleasure and feel privileged in reporting the awards & recognitions received by the Company for the year 2011-2012. The Details are provided in the Management Discussion & Analysis Report.

## Acknowledgement

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

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

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

**Place: New Delhi**

**Dated: 8<sup>th</sup> August, 2012**

**Deep Kapuria**

**Chairman**

## MANAGEMENT DISCUSSION AND ANALYSIS FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2012

### The Macro Economic Environment

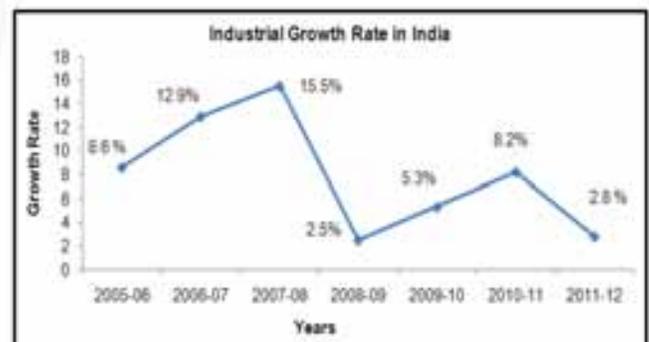
The apprehensions expressed by us in our last report appeared to come true in FY 2011-12. Though Q1 started fairly well with a GDP growth of 8%, it deteriorated quarter on quarter, reaching a low of just 5.3 % in Q4. As a result GDP growth for the year dropped to just 6.5 in FY 12 as compared to 8.4 % in the prior year. The GDP growth in FY 12 was incidentally the lowest in nine years ; since FY 03, when the economy grew only 4 %.

The reasons for this slowdown were many and both international as well as domestic. The severe financial crisis in the Euro zone depressed international trade and led to global uncertainty because of the enormous risk involved. Our own growing fiscal deficit added to our woes. Inflation remained high and was a severe constraint for the RBI to reduce interest rates.

This obviously affected business sentiment adversely and led to a reduction in FDI and a flight to the US Dollar which was seen as a safe haven currency. As a result the INR depreciated significantly ( by around 20 % ) and continues to remain weak as the outlook remains bleak. Infact, there is genuine concern about India's credit rating

being downgraded by International Credit rating agencies and though this action is debatable, it will definitely make the situation much worse for India if it does happen.

The combined effect of the above adverse factors had a direct impact on the Industrial sector. The core sector, representing the eight infrastructural industries, posted a growth of just 4.3%. The Index of Industrial Production (IIP) posted a dismal growth of only 2.8% as compared to 8.2 % in the previous year. The manufacturing sector, having a contribution of around 74% of IIP, posted an equally low growth of 2.8% compare to 8.9% in previous year.



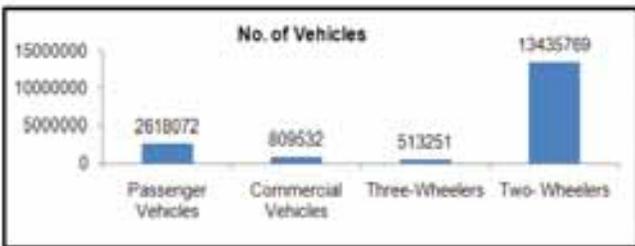


### Industry & Segment dynamics

Over the last few years the face of the Indian automobile industry has undergone a sea change. The rapid urbanization, coupled with an overwhelming growth in the middle class population and their incomes, has created an Indian market that is extremely conducive for the automobile industry to flourish. The Automobile industry is estimated to contribute around 5% to National GDP.



However there are certain factors that stand as challenges before the Indian automobile industry in the present situation. The world's fastest growing automobile market is now under pressure due to the sheer volatility in the market. Increase in petrol prices combined with high interest rates seems to be taking the toll on demand. With dwindling vehicle sales because of the frequent petrol hike, and lack of clarity in the government policy on diesel prices, automobile manufacturers have been forced to reduce the number of units produced per month, which will obviously reflect in reduced annual sales in due course. The domestic sales of various categories of vehicles were as follows in FY 12 :



#### Domestic Sales Trends of the automobile sector in 11-12

The overall growth of the Indian automobile sector was 13.83% in terms of production, 12.24 % in domestic sales and a healthy 25.44% in exports during 2011-12. However, these were much lower than the respective growths of 27.45%, 26.17% and 29.64% in 2010-11.

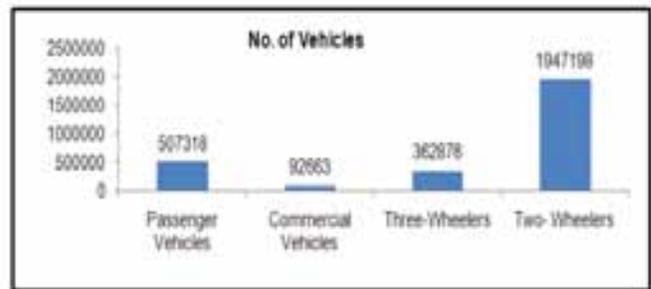
The Two wheeler segment did better than the other categories due to sheer numbers as it had a share of 75.88% in production, 77.32% in domestic sales and 66.91% in exports, in the performance of the Indian auto industry during 2011-12.

The auto components industry grew by 13 % in FY 12 but growth in FY 13 is not expected to touch double digits as a result of the factors mentioned above.

Despite these challenges, the Indian automobile industry has managed to carve a niche for itself in the global auto sector. It continues to grow in the face of some stiff competition from other Asian auto markets. The National Manufacturing Policy has also raised hopes for the long term by declaring an objective of raising the share of manufacturing in GDP to 25 % within a decade.

#### Future Outlook, Risks & Concerns

The encouraging factor for the Indian Economy in 2011-12 was the increase in exports despite the adverse global scenario. India's share in the global exports and imports also increased from 0.7% and 0.8% in 2000 to 1.4% and 2.1% in the previous year. Initially the exporters suffered due to the volatility in the exchange rate but in the later part of the year the situation turned around in their favour when the Rupee depreciated by about 20 % vs the US Dollar.



#### Export Sales in the automobile sector in 2011-12

In the Auto sector, the overall export of automobiles in all categories in financial year 2011-12 was 2.91 million units as compare to 2.34 million units in the previous year, showing an impressive increase of almost 25 %. The major portion of the total exports remains with the two wheeler segment with 1.94 million units compared to 1.55 million units in the previous year in line with export growth of 25%. Due to the improved quality of the final product and competitive edge on pricing, the commercial vehicles' export growth rate was also 25.15% with 93 K. units.

HGL's performance in exports was at par with the industry. During the financial year 2011 - 12, exports showed significant growth of 41 % and registered sales of Rs. 127.45 crores as compared to export sales of Rs. 90.02 crores in the previous year.

However, the prospects do not look positive for FY 13, in view of the variety of adverse factors prevailing in the customer geographies as mentioned earlier in this report. Customers are obviously taking a whole range of actions including restructuring of their supply chains, reducing their inventory, passing costs to their vendors etc to protect their own margins and remain competitive. These actions necessitated by commercial and sometimes political



considerations, will obviously have a negative impact in the short term.

Steel is the primary raw material for the products of the company, and is a very significant part of the cost of the final product. Rising steel prices continue to be a challenge and pose a threat to the margins of the company in the competitive auto component sector. The other major cost in production is energy cost, which has gone up significantly. Presently the company is getting power from the State Electricity Boards at the increased tariff but has also taken steps to buy power from the Electricity Exchanges which is providing some relief from the cost escalation.

The continued low growth of our GDP in Q1 of FY 13 (at merely 5.5 %), is definitely a matter of concern and if the poor monsoon affects agricultural production and rural purchasing power, the domestic sector could also witness a further reduction in demand in the second half of FY 13.

However your company is conscious of this situation and is taking very positive steps towards business development and diversification to counter the adverse circumstances and is confident of a bright future in the medium to long term.

#### **Financial Results**

Despite challenging market situations, the Company was able to achieve well above average growth in both turnover

& profitability. HGL achieved 17.07 % growth in sales turnover to reach Rs 497.48 crores against 424.93 crores in previous year. HGL was able to make PAT of Rs 42.11 crores in FY 2011-12, an increase of 20.21% over PAT of Rs 35.03 crores in FY 2010-11. This was due to the rise in the sales of all the business verticals of the Company including exports and the improvement in operating efficiencies.

The company paid interim dividend of 20% i.e. Rs. 2.00 per equity shares on the paid-up share capital. Keeping in view the financial performance and availability of funds the Directors have further recommended a final dividend of 25% i.e. Rs. 2.50 per equity share subject to the approval of the shareholders at the ensuing Annual General Meeting resulting in a total payout of Rs. 8.45 crores. The earnings per share (EPS) stood at Rs.22.44 per equity share.

#### **Awards & Recognitions**

Recognition from Customers is the strongest testimony to a Company's excellence and HGL once again achieved recognition of its excellence from some of its most respected customers. HGL was honored with Best Supplier Award-quality from JCB India and also won the 'Award for Superior Quality' from Cummins. The Company is committed to continue the TPM journey further and won the award for Excellence in consistent TPM





commitment for remarkable results in productivity, product quality, cost reduction & Company culture improvement. HGL was also honored with Indian Green Building Council (IGBC), Gold award to Plant-III. The Company has successfully achieved the Green Building Standard required for the Gold level of certification under the IGBC green factory building rating system and was given wide coverage in the "Construction World" magazine. This building has been built as an "ECOFAC Plant" and has all the features required for safety, energy & water conservation, waste management etc.



Further, to demonstrate its products & technological progress, the Company participated in the Auto Expo held from 7th – 11 January, 2012 in Delhi & got an overwhelming response.



### Human Resources

Human resources being one of the most important factors of production, the company is initiating measures towards competence and overall development of people at all levels to be future ready. In doing so, the Company is organising indoor & outdoor programs for their continued learning. The skills being taught are not merely for the benefit of the Company, but for overall human development.

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

### 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; hence these have been grouped as a single segment. The said treatment is in accordance with the principle enunciated in the Accounting Standard on Segment Reporting (AS – 17).

### Internal Controls and their adequacy

The Company has a formal system of internal controls and an Internal Audit process to provide adequate assurance regarding the effectiveness and efficiency of its systems and operations. The controls are commensurate to the needs of the organization given its size and complexity of operations. The standard operating procedures ensure compliance to local regulation and statutes as applicable to the Company. Senior members of the leadership team confirm compliance and issue relevant certificates which are relied upon by the Audit Committee and the Board of Directors. The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

M/s. Ernst & Young Pvt. Ltd. have completed their terms in May, 2012 as Internal Auditors and the Company has recently appointed M/s. Deloitte Haskins & Sells from Q2 of FY 13 to conduct the Internal Audits and report directly to the Audit Committee and the Board.

### 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.



## Awards and Recognitions



**IGBC Gold Award  
Rajasthan**



**JCB India Best  
Supplier  
Award - Quality**



**Cummins Super Quality-Award**



**TPM Consistency Award**



## CORPORATE SOCIAL RESPONSIBILITY

The concept of Corporate Social Responsibilities is echoing the corporate worlds. We, at Hi-Tech Gears ('HGL') have been taking up deep impacting initiatives in line with, what is required to be done as a responsible member of the Society. We assume the requirement to act in socially conscientious manner. Our business activities are not only related to legal compliances but also to ethical values, respect for people, community and environment.

### Societal Responsibility

#### ITI at Hatın

HGL is committed for the better and enriched living for society at large. In this process, HGL is spreading its mission at its adopted ITI at Hatın situated in Tehsil Tauru, Distt. Sohna, Gurgaon from many years. The following measures were taken during the year under review :

- 30 UPS batteries have been procured for Computer Lab.
- Tube lights and fans are provided for the classroom in order to have comfortable study.
- Up gradation of infrastructure facilities at ITI
- HGL persuaded the State PWD and got the outside walls painted.
- Separate Toilets for boys and girls have been constructed by the Municipal Committee with the initiative of HGL
- Sufficient amount of learning resources and raw material procured for training of students for different trades.

In addition to above, the following initiatives were also taken:

- For personality development, concept of motivational talks have been introduced
- Teams are sent out for participating in various co curricular activities being organized at various levels with the performances of the students at satisfaction level.
- Bringing in awareness towards Environment Protection and conservation.

#### Educational Program

HGL has supportive in academic excellence and has always been something that the HGL family has stood by. We at HGL has various scholarship programs for the bright children of the employees.



Additionally, like previous years, HGL family has provided financial aid to under privileged children thru SOS Children's Village for their education, medical, food & maintenance. A total 11 number of students were supported in a cross section of academic pursuits. The most satisfying and rewarding returns is to see that all of them have been doing excellently and have given the management reasons to continue rendering more support.



HGL also supported a senior secondary school in Bhiwadi and organized a tree plantation program, this was widely covered in the local newspapers.

#### Investment in Global Innovation & Technology Alliance ('GITA')

Very recently, in June 2012, HGL entered into a MOU with Confederation of Indian Industry ('CII') for the Global Innovation & Technology Alliance ('GITA'). GITA has been promoted jointly by CII and Department of Science & Technology, Government of India, as a Company limited by shares not for Profit under Section 25 of the Companies Act, 1956 where 51% shareholding shall be held by CII, along with its members or nominees and balance of 49% by Government.

The mandate of GITA includes the whole gamut of innovation services to include capacity building and advisory services in addition to management of Indian



Government's fund targeted to industry for R&D and technology adoption.

Government will assign GITA for managing funds and will disburse to industry in the form of loan, grant & equity and will handle the whole process from call for proposal, evaluations, fund, monitor and lastly project closures. The Board of HGL decided to participate in the progressive measure initiated by the CII and the Government of India for R&D by which the country and industry will be benefited. Accordingly, HGL will subscribe and buy 5000 equity shares of Rs. 1000/- each in GITA for three years i.e. 2012, 2013 and 2014 as contribution to their noble initiatives.

### Environmental Responsibility

HGL is very keen on its responsibilities with respect to the clean environment. To spread the awareness of the subject, and taken Numbers of plantation drives, Essay writing competitions, free pollution check camp, documentary film festivals etc were organised on World

Environment Day and throughout the year on various occasions for the environment conservations.

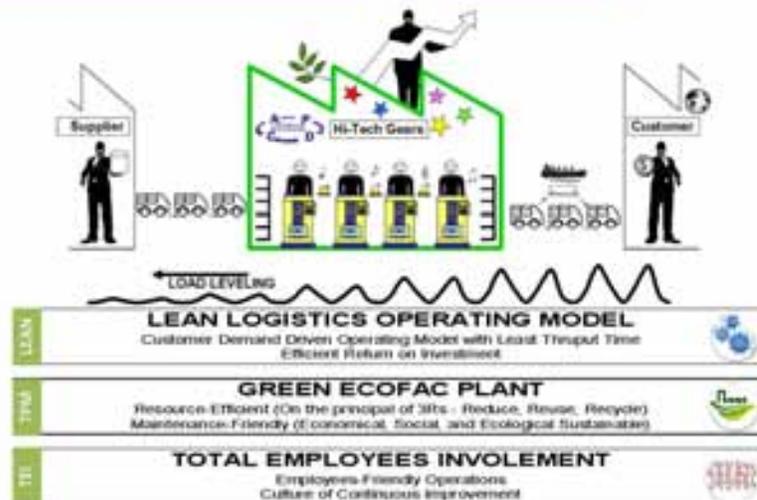
HGL is getting positive response from within and other stake holders for its 'ECOFAC Plant', i.e. a sustainable green manufacturing plant. This initiative was registered with Indian Green Building Council as pilot project and has all features of safety and energy & water conservation, waste management etc. All modern concepts of Lean, TPM and TEI for best utility are being implemented in this Plant. HGL has been adjudged and received 'GOLD' rating by the Council. The plant has assured the following benefits

- Adopting environment friendly and safe process
- Reduction of consumption and wastages
- Encourage the process, wherein recycle and reuse is adopted.
- Conservation of energy, resulting Reduction on energy expenditure

There are many more initiatives to be taken care in the coming years as a commitment of HGL to all sectors of CSR.



## New Plant Philosophy



## Annexure-I

Statement of particulars of Employees pursuant to the provision of section 217(2A) of the Companies Act, 1956, as amended by Amendment Act, 1988, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forming part of the 26th Directors' Report for the financial year ended on March 31, 2012.

Name	Designation	Age	Nature of Employment & other Terms and conditions	Nature of Duties	Remuneration received (Rs.)	Qualification	Exp. (Yrs)	Date of Commencement of Employment	% of Equity shares held	Last Employment & Designation
Mr. Deep Kapuria	Chairman	62	Contractual appointed for a period of 5 year w.e.f. 01.01.2012	Overall Control and policy formulation	261.49 Lac	*BE (Hons) from B.I.T.S., Pilani *Advance Management Programme from IIM (A) *Lead Assessor Course *Owner Management Programme from Harward Business School	39	01.01.1987	3083045 (16.43%)	Business
Mr. Pranav Kapuria	Managing Director	36	Contractual appointed for a period of 5 years w.e.f. 01.08.2010	Overall control of day to day management of the Company	125.11 Lac	*B. Com (H) from Delhi University *MBA from Cardiff Business School *Certificate Program on Lean Manufacturing from University of Michigan	11	01.08.2000	819376 (4.37%)	With Hi-Tech Gears Ltd. as Director
Mr. Anuj Kapuria	Whole Time Director	33	Contractual appointed for a period of 5 years w.e.f. 15.05.2010	Overall control of day to day management of the Company	117.05 Lac	*BE in Robotic and Automated Manufacture engineering from sussex university, U.K *Master's Degree in Robotics from Carnegie Mellon University	7	30.05.2005	819376 (4.37%)	With Hi-Tech Gears Ltd. as Director

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

### ANNEXURE II

#### INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

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

##### A. CONSERVATION OF ENERGY

For Company, Energy conservation has remained the major thrust area. Efforts to conserve the energy are ongoing activities to save and optimum utilization for electricity and fuel. Some of initiatives taken/ improved during the period under review are as under:

- Improved upon the process of reducing unloading time of air compressors and hence a saving of approx. 12000 units/months.
- The company has started the activity of purchasing power from other electricity providers through the Electricity Exchange at the competitive rates, resulting reduction of power cost.
- Various Modules are developed to conserve and save the energy. The same are monitored thru Project Management system.



New ideas are being adopted across the shop floor, factory area and even in office premises to conserve and promote efficiency of operations including working on the possibility to introduce the solar system for electricity for lighting in and around factory area and other non-manufacturing areas.

The newly built up state of the art plant in Bhiwadi, Rajasthan is unique in its sense and built as an 'ECOFAC Plant', i.e. a sustainable green manufacturing plant. The Plant has been awarded the Gold rating by the Indian Green Building Council. It has many energy conservation features eg. the building has been designed to maximize usage of natural light by providing large window openings, special false ceiling design, usage of FRP sheets on shop roof sheet, natural lighting cut-out in administrative building RCC roof. In addition to this, efficient energy fixtures have been used throughout. On HVAC, company installed the Variable Refrigerant Flow AC system which is highly energy efficient. Solar lighting has been used for street lighting around the building

**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. However, the steps initiated by the Company for implementation and absorption of Lean Manufacturing are consistently showing encouraging results on the shop floor. Further, Company's commitment towards Total Productivity Management (TPM) has yielded excellent results in quality and design of the products. This approach has been helpful in the lead time reduction of the various complex methods and processes in the R&D by elimination of waste, saving of time and efforts.

These efforts shall ensure that the above said technology and the work culture is harnessed and percolated down to the entire organization. Your Company has continuously endeavored to acquire world-class technology both in hardware and software. Some of the instances are narrated below:

- a. Company has adopted Futura Nano Coating Technology for cutting tools which has enhanced the tool life.
- b. By reducing overall air line pressure & providing localised solution on selected machines, requiring high pressure, the cost for compressed air generation has been reduced. The investment made was mere 0.50 lac.

c . The company adopted the technology of brick form scrap instead of loose chips forms, resulting more realisation on scrap to the extent of Rs. 1 per kg. The cost of investment was Rs. 11.50 lacs

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 this process design and material database are continuously improved and enhanced.

iii) Benefits derived with the installation of various additional equipments have made it possible to achieve consistency in production and quality of finished product for the existing and the new product development.

iv) Future plan of Action

- a) Reduction in process losses.
- b) Development of new products
- c) Cost Analysis module to be introduced to reduce the costs from the point of initial stages.
- d) Measures required for the utilization of the renewable energy

v) Expenditure on Research & Development

Development and improvement of products has been an inbuilt and ongoing activity within the existing manufacturing facilities, it is thus not recognised separately todate.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO**

The year gone by proved to be another encouraging year for exports. Your Company increased its export by 41.56% compared to the previous year. The Company is continuously exploring more customers in export markets.

The details of Foreign Exchange Inflow and outflow are as under:

	(Rs. In lacs)
Inflow	12744.89
Outflow	
Capital Equipment	2421.04
Others	288.27
Consumables	163.42

## Annexure - III

### Corporate Governance Report

Forming part of 26<sup>th</sup> Directors' Report

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

Hi-Tech Gears Limited, being in the forefront of the Indian auto component industry, has implemented and continuously improved upon various Corporate Governance practices over the years. Corporate practices like the appointment of professionals from diverse fields of business on the Company's Board of Directors, prior intimation of date of Board Meetings which are convened at frequent intervals, constitution of Committee of Directors, stated policies on remuneration and retirement, 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. During the year, the Company has complied with all the mandatory provisions of Clause 49 of the Listing Agreement with the stock exchanges.

Company is maintaining maximum Transparency in passing on information to the shareholders and the shareholders have right to acquaint themselves with the Information of the Company.

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 appointed by the shareholders, presently consists of 10 members of which 7 are non-executive Directors having a pool of collective knowledge from various disciplines like engineering, finance, treasury, business management, administration, corporate planning, etc. The Company has an Executive Chairman and the number of independent Directors are 6 (Six). Mr. Deep Kapuria – Executive Chairman is the father of Mr. Pranav Kapuria – Managing Director and Mr. Anuj Kapuria – Executive Director. All the remaining Non-Executive Directors are independent and not related to each others except Mr. Ramesh Chandra Jain who is receiving consultancy fee from an Associate Company, thus not regarded independent in terms of the listing agreement. Mr. Deep Kapuria, Executive Chairman is assisted by Mr. Pranav Kapuria, Managing Director, and Mr. Anuj Kapuria Executive Director, who are overseeing the day-to-day operations of the Company. All Directors, Executive or Non-Executive, are professionally competent and experienced in their respective fields. The Details of Directors are as follows:-

Name of Director and DIN	Designation	Category	No. of Director-ships #	No. of Board Committees position as Member*	No. of Board Committee position as Chairman *
Mr. Deep Kapuria (00006185)	Executive Chairman	Promoter, Executive	Five	Nil	Two
Mr. Anil Khanna (00207839)	Director	Independent, Non-Executive	Twelve	Three	Three
Mr. Sandeep Dinodia (00005395)	Director	Independent, Non-Executive	Five	Three	Five
Mr. Pranav Kapuria (00006195)	Managing Director	Promoter, Executive	Six	Two	Nil
Mr. Anuj Kapuria (00006366)	Executive Director	Promoter, Executive	Eight	Three	Nil
Mr. Vinit Taneja (02647727)	Director	Independent, Non-Executive	One	One	One
Mr. P. C. Mathew (02527048)	Director	Independent, Non-Executive	Three	Nil	Nil
Mr. Ramesh Chandra Jain (00038529)	Director	Non-Executive	Five	Nil	Nil
Mr. Krishna Chandra Verma** (03636488)	Additional Director	Independent, Non-Executive	One	Nil	Nil
Mr. Prosad Dasgupta** (00243254)	Additional Director	Independent, Non-Executive	One	Nil	Nil

\* Board Committee for this purpose means Audit Committee and Shareholder's/Investor Grievance Committee (including Board committees of Hi-Tech Gears Limited).



\*\* Mr. Krishna Chandra Verma and Mr. Prosad Dasgupta were each appointed as an Additional Directors in the meeting of the Board of Directors on 12<sup>th</sup> November 2011 and 14<sup>th</sup> February 2012 respectively.

# All public limited companies, whether listed or not, (including Hi-Tech Gears Limited), and excluding private, Section 25 Company and foreign companies.

The DIN of the respective Directors are provided in pursuant to Section 266 F of the Companies Act, 1956

### Number of Board Meetings held during the year 2011-12

During the year under review, the member 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) 20<sup>th</sup> April 2011, (2) 25<sup>th</sup> May 2011, (3) 10<sup>th</sup> August, 2011 (4) 12<sup>th</sup> November, 2011, (5) February 14, 2012.

It is confirmed that the gap between the two (2) meetings did not exceed four (4) months. The meeting usually held in Delhi.

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.
- Dividend declaration.
- 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
- Quarterly results for the Company and its operating divisions or business segments
- 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.
- The Chairman of the Board and the Company Secretary in consultation with other concerned members of the Senior Management and Nominees of Technical and Financial Collaborator, finalize the agenda papers for the Board Meetings.
- Non-Compliance of any Regulatory, Statutory or Listing requirements and shareholders service such as Non payment of dividend, delay in share transfer (if any). Etc.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or Serious Accidents, Dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the company, or substantial non payment for goods sold by the company.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like implementation of voluntary retirement Scheme etc.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief financial Officer and the Company Secretary, if any.
- Any other important matter relating to the working of the Company.

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

Name of Director	Attendance in the Board Meetings	Attendance in the last Annual General Meeting
Mr. Deep Kapuria	5 (Five)	No
Mr. Anil Khanna	5 (Five)	No
Mr. Sandeep Dinodia	5 (Five)	Yes
Mr. P C Mathew	4 (Four)	No
Mr. Vinit Taneja	5 (Five)	No
Mr. Pranav Kapuria	5 (Five)	Yes
Mr. Anuj Kapuria	5 (Five)	Yes
Mr. Ramesh Chandra Jain	3 (Three)	No
Mr. K.C.Verma	1 (One)	No
Mr. Prosad Dasgupta	1 (One)	No

## Directors appointment/ reappointment

Mr. P.C. Mathew and Mr. Vinit Taneja, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Mr. Krishna Chandra Verma and Mr. Prosad Dasgupta were appointed as the additional Directors of the Company. Whose confirmation as Directors are also due at this ensuing Annual General Meeting. The particulars of Directors being appointed and re-appointed are given in the Explanatory Statement attached to the Notice of the ensuing Annual General Meeting of the Company.

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

Mr. Vinit Taneja holds 5600 equity shares as on 31<sup>st</sup> March, 2012. No other Non-Executive Director holds any equity shares as on that date.

## III. Audit Committee

### Brief description of terms of reference

The Audit Committee of your Company consists of three Directors. Two of the members are Independent & Non-Executive Directors viz., Mr. Sandeep Dinodia and Mr. Anil Khanna who are members of the Institute of Chartered Accountants of India, Further, the Company also complies with the provisions of Section 292A of the Companies Act, 1956, pertaining to the Composition of Audit Committee and its functioning. The scope of functions of the committee is in line with the listing agreement.

### Meeting and attendance

The Audit Committee met 5 (Five) times during the financial year 2011-12 on the following dates (1) 20<sup>th</sup> April 2011, (2) 25<sup>th</sup> May, 2011, (3) 10<sup>th</sup> August, 2011 and (4) 12<sup>th</sup> November, 2011 (5) 14<sup>th</sup> February, 2012.

These meetings were attended by members as detailed below:-

Name	Position/ Composition	Independent/ Non Independent	No. of Meetings During the Tenure	No. of Meetings Attended
Mr. Sandeep Dinodia	Chairman & Member	Independent	5	5
Mr. Anil Khanna	Member	Independent	5	5
Mr. Anuj Kapuria	Member	Executive	5	5

Company Secretary acts as the secretary of the Audit Committee.

### Powers of Audit Committee

Audit Committee shall have following Powers:-

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;

- To secure attendance of outsiders with relevant expertise, if it considers necessary.

### Role of Audit Committee

- 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.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the half yearly and annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
  - Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.



7. 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.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. To review the Company's financial and risk management policies.

#### **Review of information by Audit Committee**

The Audit Committee shall mandatorily review the following information:-

1. Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

#### **Invitees**

Statutory Auditor, Internal Auditor, Finance Head are the permanent invitees at the Audit Committee as well as

Board Meetings, other experts are invited on need basis. The recommendations made by Audit Committee are accepted by Board.

#### **IV. Remuneration Committee**

##### **Brief description of terms of reference**

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

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

##### **Meetings and attendance**

The Remuneration Committee met one (1) time during the financial year 2011-12 on the following date (1) 10<sup>th</sup> August, 2011 .

This meeting was attended by members as detailed below:-

Name	Position/ Composition	Independent/ Non Independent	No. of Meetings During the Tenure	No. of Meetings Attended
Mr. Vinit Taneja	Chairman & Member	Independent	1	1
Mr. Sandeep Dinodia	Member	Independent	1	1
Mr. Anil Khanna	Member	Independent	1	1

##### **Remuneration policy**

The Chairman, Managing Director and the Whole Time Director are paid remuneration as approved by the Board of Directors on the recommendation of the 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 198 and Section 309 of the Companies Act, 1956. 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.

- (a) The details of the remuneration paid/payable to the Chairman, Managing Director and Whole Time Director for the year ended March 31, 2012, are as under:-

(Amount in Lacs)

Name of Director	Designation	Commission	Salary	Perquisites	Total	Service Contracts (years)	Date of Commencement of contract
Mr. Deep Kapuria	Executive Chairman	65.04	8.18	188.27	261.49	5 Years	01.01.2012
Mr. Pranav Kapuria	Managing Director	28.16	2.81	94.14	125.11	5 Years	01.08.2010
Mr. Anuj Kapuria	Executive Director	20.88	2.03	94.14	117.05	5 Years	15.05.2010

Note:-

- Salary includes basic salary & HR, Perquisites includes medical, other perquisites, allowances and contribution to provident and other funds.
  - Total Commission is @ 3% of the Net Profit in case of Mr. Deep Kapuria & 1.5% in case of Mr. Pranav Kapuria & Mr. Anuj Kapuria calculated in terms of section 198 & other applicable provision of Companies Act, 1956.
- (b) 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, 2012 are as under: -

No.	Name of the Non-Executive Directors	Sitting fees (Rs)	Commission	Total
1.	Mr. Anil Khanna	75,000	633,857	708,857
2.	Mr. Sandeep Dinodia	75,000	633,857	708,857
3.	Mr. P.C. Mathew	30,000	633,857	663,857
4.	Mr. Vinit Taneja	40,000	633,857	673,857
5.	Mr. Ramesh Chandra Jain	25,000	353,071	378,071
6.	Mr. Prosad Dasgupta	10,000	57,566	67,566
7.	Mr. K.C. Verma	10,000	191,886	201,886
	<b>Total</b>	<b>265,000</b>	<b>3,137,951</b>	<b>3,402,951</b>

Note: No stock option scheme has been launched by the Company till date.

The Company Secretary acts as the Secretary of the Committee.

#### V. (a) Investor Grievance Committee

##### Brief description of terms of reference

An Investor Grievance Committee was constituted to specifically redress the grievances of the shareholders pertaining to shares transfer, dematerialization and non-receipt of dividend on the shares, non-receipt of Annual Report, etc.

##### Composition, Name of Members and Chairman

The Investor Grievance Committee consists of the following Directors all being Non-Executive & Independent Directors:

- Mr. Anil Khanna- Chairman and Member.
- Mr. Sandeep Dinodia- Member.
- Mr. Vinit Taneja- Member.

The Company Secretary acts as the Secretary of the Committee.

##### Name and Designation of the Compliance officer

Mr. S.K.Khatri, Company Secretary

##### Investors Complaints year ended 31.03.2012

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

##### Meeting and attendance

As the complaints are solved by the process mechanism, there was no instance required to hold the committee meeting.

##### (b) Share Transfers Committee

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 a period of 21 days.

A committee of two Directors, under the nomenclature 'Share Transfer Committee' has been empowered to approve transfer, transmission, demat and other related matters regarding the shares of the Company.

- The Share Transfer Committee of the Company comprises of following Directors:-

Mr. Deep Kapuria	- Chairman
Mr. Pranav Kapuria	- Managing Director

The Company Secretary acts as the Secretary of the Committee.

- The committee met 11 (Eleven) times during the year to consider 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.
- As on 31<sup>st</sup> March, 2012 no equity shares were pending for transfer.

##### VI. Annual General Meeting

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



Financial Year	Date	Time	Venue	No. of Special Resolution Passed
2010-11	September 27, 2011	11.00A.M	A-589, Industrial Complex, Bhiwadi – 301019 (Rajasthan)	Three
2009-10	September 27, 2010	11.00 A.M.	A-589, Industrial Complex, Bhiwadi – 301019 (Rajasthan)	Four
2008-09	September 22, 2009	11.00 A.M.	A-589, Industrial Complex, Bhiwadi – 301019 (Rajasthan)	One

(b) No special resolution was passed by way of postal ballot during the year 2011-2012.

(c) At the forthcoming Annual General Meeting, there is no item for approval through Postal Ballot.

(d) Dividend history of last five years

S. No.	Financial year	Rate of Dividend	Date of Declaration
1.	2010-2011	Interim – 15% Final – 25%	14-03-2011 27-09-2011
1	2009-2010	Final – 45%	27-09-2010
2.	2008-2009	Final – 15%	22-09-2009
3.	2007-2008	Final – 30%	22-09-2008
4.	2006-2007	Interim – 15% Final – 10%	14-03-2007 17-09-2007

For the year 2011-12, the interim dividend @ 20% was declared on 14<sup>th</sup> February, 2012.

(e) Unclaimed Dividend

The proposed date for the transfer of unclaimed final dividend by the Company for the year 2004-05 to IEPF is 10<sup>th</sup> October, 2012.

In terms of the notification no. G.S.R. 352(E) dated 10<sup>th</sup> May, 2012, the Companies are required to file as well as display the information relating to amount of unclaimed and unpaid dividend.

The Company is in process to complete the filings & will display the names of the Shareholders at its website [www.hitechgears.com](http://www.hitechgears.com) in due course of time.

## VII Disclosures

1. Related parties and transactions with them as required under Accounting Standard 18 (AS-18) and clause 32 of the Listing agreement are as under:

(Amount Rs. in Lacs)

**Related Party Transaction (AS-18) for the year 01.04.11 to 31.03.12**

Particulars	Aquarian Fibrecement Pvt. Ltd.	Vulcan Electro Controls Ltd.	Getrag Hi-Tech Gears (India) Pvt. Ltd.	Hi-Tech Robotic Systemz Ltd.	Mr. Deep Kapuria	Mr. Pranav Kapuria	Mr. Anuj Kapuria	Independent Director & Non Executive Director
Nature of Relationship	Associate Company	Associate Company	Associate Company	Associate Company	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Rent	144.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sale of Goods	0.00	5.63	2892.33	0.00	0.00	0.00	0.00	0.00
Job work/ Services Provided	0.00	188.87	147.89	0.00	0.00	0.00	0.00	0.00
Job work/ Services Received	0.00	2884.33	0.00	226.77	0.00	0.00	0.00	0.00
Goods Purchased	0.00	1553.63	1426.80	0.00	0.00	0.00	0.00	0.00
Director's Remuneration (Including Perquisite)	0.00	0.00	0.00	0.00	256.62	122.99	115.48	31.38
Directors' EPF	-	-	-	-	4.87	2.12	1.56	-
Sitting fees to other Director	0.00	0.00	0.00	0.00	0.00	0.00	-	2.65
Total Payable	12.04	248.01	365.51	18.89	194.09	105.63	95.32	31.38

The transactions with the Related parties are neither materially significant nor they have potential conflict with the interest of the Company at large.

2. There has neither been any non-compliance of any legal provision of applicable law, nor any penalty stricture 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.

3. The Company has complied with all the mandatory requirements of Clause 49 of Listing Agreement entered into with stock exchanges. Details of these compliances are given below:

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
<b>I. Board of Directors</b>	<b>49 (I)</b>		
(A) Composition of Board	49 (IA)	Yes	Have been complied with
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes	Have been complied with
(C) Other provisions as to Board and Committees	49 (IC)	Yes	Have been complied with
(D) Code of Conduct	49 (ID)	Yes	Have been complied with
<b>II. Audit Committee</b>	<b>49 (II)</b>		
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	Have been complied with
(B) Meeting of Audit Committee	49 (IIB)	Yes	Have been complied with
(C) Powers of Audit Committee 49 (IIC)	49 (IIC)	Yes	Have been complied with
(D) Role of Audit Committee	49 (IID)	Yes	Have been complied with
(E) Review of Information by Audit Committee	49 (IIE)	Yes	Have been complied with
<b>III. Subsidiary Companies</b>	<b>49 (III)</b>	Not Applicable	Not Applicable
<b>IV. Disclosures</b>	<b>49 (IV)</b>		
(A) Basis of related party transactions	49 (IV A)	Yes	Have been complied with
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes	Have been complied with
(C) Board Disclosures	49 (IV C)	Yes	Have been complied with
(D) Proceeds from Public Issues, Rights Issues, Preferential Issues etc.	49 (IV D)	Not Applicable	Not Applicable
(E) Remuneration of Directors	49 (IV E)	Yes	Have been complied with
(F) Management	49 (IV F)	Yes	Have been complied with
(G) Shareholders	49 (IV G)	Yes	Have been complied with
<b>V. CEO/CFO Certification</b>	<b>49 (V)</b>	Yes	Have been complied with
<b>VI. Report on Corporate Governance</b>	<b>49 (VI)</b>	Yes	Have been complied with
<b>VII. Compliance</b>	<b>49 (VII)</b>	Yes	Have been complied with



5. Compliance status with **Non-Mandatory Requirements** are given below:

a) **The Board**

The Chairman of the Company is Executive and the Company is maintaining the office at its expense. The Company has not provided any tenure for the independent Directors.

b) **Remuneration Committee**

All the requirements relating to the Remuneration Committee have been complied with and details of the Committee are provided in the Annual Report.

c) **Shareholder Right**

The Company does not send half yearly declaration of financial performance to each household shareholder, as it is displayed on Company's website.

d) **Training of Board Members**

The Company does not have any formal training program for Board Members.

e) There is no separate formal mechanism for evaluating Non-Executive Board Members.

f) The Company does not have "Whistle Blower Policy" for the time being.

6. Risk Assessment and Mitigation Process.

Company has a risk assessment policy which is periodically reviewed by the Audit Committee and Board of Directors in their meeting and it takes the appropriate measures.

**VIII. MEANS OF COMMUNICATION**

1. The quarterly, half yearly and annual financial results and quarterly shareholding pattern are posted on the Company's official website i.e. www.hitechgears.com. As per the requirements of listing agreement, the Company also sends the same to Stock Exchange and upload on the corporate filling and dissemination System website of SEBI www.corpfilling.co.in within such time as specified by SEBI.
2. Full version of the Annual Report including the notice of Annual General Meeting, Corporate Governance report, Audited Financial Results, cash flow statement, Director's report are sent to the shareholders within the stipulated time and also uploaded on Company's Official website.
3. All material information about the Company is promptly sent through facsimile to the Stock Exchanges where the shares of the Company are listed.
4. The Company has not displayed any official news release during the year under review except as required by the Listing Agreement mentioned in point 1 above.
5. The Company has not made any presentations to institutional investors or to the analyst during the year under review.
6. A Management Discussion and Analysis report is given separately which forms part of the Director's Report.
7. The Company generally publishes its financial results in the Business Standard (English) and Dainik Lokmat (Hindi).

Financial Results	Newspapers	Date of Publication
Audited financial results for the quarter and year ended March 31, 2012.	<ul style="list-style-type: none"> <li>• Business Standard</li> <li>• Dainik Lokmat</li> </ul>	28.05.2012 28.05.2012
Unaudited financial results for the quarter ended December 31, 2011.	<ul style="list-style-type: none"> <li>• Business Standard</li> <li>• Dainik Lokmat</li> </ul>	16.02.2012 16.02.2012
Unaudited financial results for the quarter ended September 30, 2011	<ul style="list-style-type: none"> <li>• Business Standard</li> <li>• Dainik Lokmat</li> </ul>	14.11.2011 14.11.2011
Unaudited financial results for the quarter ended June 30, 2011	<ul style="list-style-type: none"> <li>• Business Standard</li> <li>• Dainik Lokmat</li> </ul>	11.08.2011 11.08.2011

**XI. General Shareholder information**

1. **Annual General Meeting:** 26<sup>th</sup> Annual General Meeting of the Company will be held on Friday the 28 day of September, 2012 at 11.00 A.M at the Registered Office of the Company situated at A-589, Industrial Complex, Bhiwadi, Distt. Alwar, Rajasthan 301019.

2. **Financial Calendar for 2011-2012**

Results were announced on

Financial Reporting for the 1 <sup>st</sup> quarter ended June 30, 2011.	10.08.2011
Financial Reporting for the 2 <sup>nd</sup> quarter and 1 <sup>st</sup> half year ended September 30, 2011.	12.11.2011

Financial Reporting for the 3 <sup>rd</sup> quarter ended December 31, 2011.	14.02.2012
Financial Reporting for the 4 <sup>th</sup> quarter and year ended March 31, 2012.	26.05.2012

**Financial Calendar for 2012-2013**  
(tentative and subject to change)

Financial Reporting for the 1 <sup>st</sup> quarter ended June 30, 2012.	8 <sup>th</sup> August, 2012 (2 <sup>nd</sup> Week) (Already announced)
Financial Reporting for the 2 <sup>nd</sup> quarter and 1 <sup>st</sup> half year ended September 30, 2012.	November, 2012 (2 <sup>nd</sup> Week)
Financial Reporting for the 3 <sup>rd</sup> quarter ended December 31, 2012.	February, 2013 (2 <sup>nd</sup> Week)
Financial Reporting for the year ended March 31, 2013.	May, 2013 (Last week)
Annual General Meeting for the year 2011-12 (not to change)	September 28, 2012

- 3. Date of Book Closure** September 17 to September 28, 2012 (Both days inclusive)
- 4. Dividend payment** Dividend, if declared by the shareholders in the forthcoming Annual General Meeting, shall be paid as Rs.2.50 per share i.e. @25% to those shareholders whose name

## 5. Listing on Stock Exchanges

appears on the Register of members as on September 28, 2012.

In respect of the shares held in electronic form, to those members whose names appear in the statements of beneficial ownership furnished by Depositories (NSDL/CDSL) as at the end of business hours on September 16, 2012.

As on March 31, 2012 the equity shares of the Company are listed on the following Stock Exchanges:-

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

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

**b.) Bombay Stock Exchange Limited**

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

*Note: The listing fee for the year 2012-2013 has been paid to the Stock Exchanges within the stipulated time. Further the Company also confirms that the custodian fee for the year 2012-13 to NSDL & CDSL is also paid within the stipulated time period.*

## 6. Market Price Data

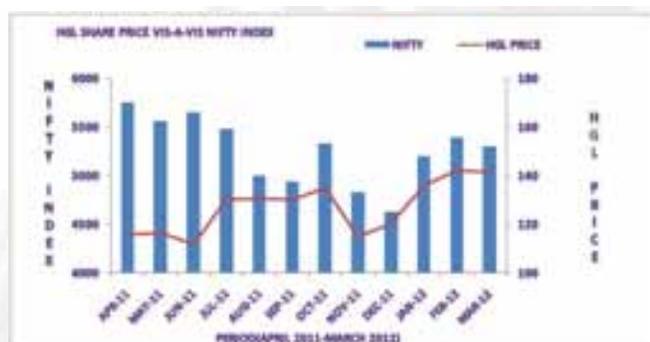
Monthly high and low prices of equity shares of the Company at BSE and NSE during the year under review are given hereunder.

Month	Bombay Stock Exchange Limited (BSE)					National Stock Exchange of India Limited (NSE)				
	Share Price (Rs.)		Sensex		Volume (Nos.)	Share Price (Rs.)		Nifty		Volume (Nos.)
	High	Low	High	Low		High	Low	High	Low	
2011-2012										
April	125.00	105.00	19811	18979	150101	130.40	103.00	5944	5693	158157
May	118.85	107.65	19253	17786	47454	118.60	105.00	5775	5329	61414
June	124.00	103.85	18873	17314	118821	124.90	95.00	5658	5196	74987
July	144.95	109.10	19131	18131	92709	145.00	107.10	5740	5454	126295
August	133.15	119.15	18440	15765	302516	134.50	115.50	5552	4720	193897
September	139.00	125.00	17211	15801	135284	139.85	116.10	5169	4759	139883
October	142.00	123.00	17908	15745	152550	144.00	118.00	5399	4728	122543
November	139.70	107.00	17702	15478	252633	139.30	102.65	5326	4639	296548
December	126.95	112.15	17003	15136	450764	125.50	114.95	5099	4531	543906
January	138.05	120.00	17259	15358	31058	149.00	120.15	5217	4588	36256
February	156.80	127.10	18524	17062	122863	157.40	127.00	5630	5159	138605
March	165.00	133.55	18041	16921	77731	163.00	132.65	5499	5136	179397



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

Share Price on the last working day of the relevant month



## 8. 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: Hi-Tech Gears Limited)  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase –II,  
New Delhi – 110020.  
Ph. : 011 – 26387281, 82, 83  
Fax : 011 – 26387384  
Web site: [www.masserv.com](http://www.masserv.com)  
Email: [info@masserv.com](mailto:info@masserv.com)

### Email ID for redressal of Investor Grievances

Pursuant to Clause 47(c) of the Listing Agreement, Company has created a separate Email ID for redressal of Investor Complaints and Grievances. The Email ID is [secretarial@hitechgears.com](mailto:secretarial@hitechgears.com)

## 9. 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 21 days.

To expedite the share transfer process, authority has been delegated to the Share Transfer Committee which comprises of two Directors. Share transfer/transmission approved by the Committee is placed at the meeting of the Board of Directors from time to time.

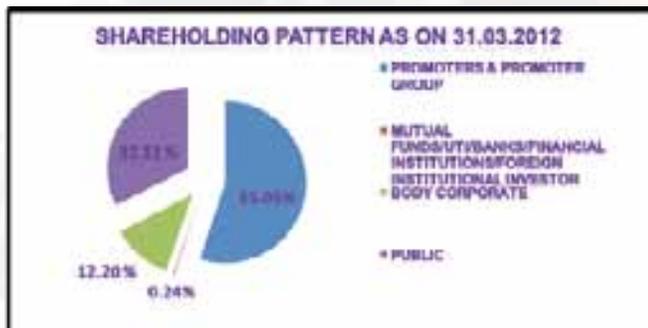
## 10. (a) Distribution of shareholding

As on March 31, 2012 the distribution of shareholding was as follows:

Share holding of Nominal value of Rs	No. of share	% (No. of share)	No. of shareholders	% (No. of shareholders)
1 to 5000	354302	1.888	2452	74.688
5001 to 10000	277166	1.477	342	10.417
10001 to 20000	283865	1.512	179	5.452
20001 to 30000	178934	0.953	69	2.102
30001 to 40000	162543	0.866	44	1.34
40001 to 50000	135351	0.721	29	0.883
50001 to 100000	616570	3.285	77	2.345
100001 and above	16759269	89.297	91	2.772
<b>TOTAL</b>	<b>18768000</b>	<b>100</b>	<b>3283</b>	<b>100</b>

**(b) Category wise shareholding as on March 31, 2012**

Category	No. of shares held	% of shareholding
Promoters & Promoter Group	10330793	55.05
Mutual funds/UTI	4170	0.02
Banks, Financial institutions, Insurance companies	4000	0.02
Foreign Institutional Investor	38507	0.21
Body Corporate	2289127	12.20
Individual	5916879	31.53
Non Resident Indians/ Overseas Corporate Bodies	169810	0.90
Clearing Member	14714	0.08
<b>Grand Total</b>	<b>18768000</b>	<b>100.00</b>



**11. (a) Dematerialisation 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, 2012 is given hereunder:

Particulars	As on March 31, 2012	
	No. of Shares	Percentage(%)
<b>No. of Shares dematerialized</b>		
-NSDL	17709616	94.36
-CDSL	846676	4.51
<b>No. of shares in physical form</b>	211708	1.13
<b>Total</b>	<b>18768000</b>	<b>100.00</b>

**(b) Liquidity**

The equity shares of the Company are liquid and frequently traded. Average daily turnover of number of shares traded as well as value at BSE during the year 2011-2012 is given below:-

Particulars	BSE
No of Shares	7831.92
Value (in Rs.)	968585.70

**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, District Alwar, Rajasthan.

**14. Address for correspondence**

- Transfer/dematerialization of shares : **MAS Services Limited**  
and any other queries relating to (Unit: Hi-Tech Gears Limited)  
Shares T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase-II  
New Delhi-110020.  
Ph. : 011-26387281, 82, 83  
Fax : 011-26387384  
Web site : [www.masserv.com](http://www.masserv.com)  
Email : [info@masserv.com](mailto:info@masserv.com)
- Queries related to Payment of : Mr. S.K. Khatri  
dividend on Shares, Annual Report company Secretary  
and others 14<sup>th</sup> Floor, Tower-B, Unitech's Millennium Plaza  
Shushant Lok-1, Sector-27, Gurgaon,  
Haryana-122002  
Tel No. : (0124)-4715100  
Fax : (0124)-2806085  
Email : [secretarial@hitechgears.com](mailto:secretarial@hitechgears.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.hitechgears.com](http://www.hitechgears.com). In terms of revised Clause 49 of listing agreement, a confirmation from the Managing Director regarding compliance with the Code of Conduct by all the Directors and Senior Management is given along with this report.



## 16. CEO/CFO Certification

In terms of Clause 49 of the Listing Agreement, the certification by the CEO and Sr. General Manager (Finance) on the financial statements and internal controls relating to financial reporting has been obtained, and placed before the Board, in their meeting held on May 26, 2012. A copy of the same certificate dated 26.5.2012 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) (Amendment) Regulations, 2002 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 Trade Code.

## 18. Legal Compliance

There were no cases of non-compliance by the Company and no 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 2011-2012

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

**Place: New Delhi  
Dated: August 8, 2012**

**Deep Kapuria  
Chairman**

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

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

I, Pranav Kapuria, Managing Director of the Company hereby certify that the Board of Directors and the Sr. Management Personnel have affirmed compliance of the Code of Conduct of the Company for the Financial Year 2011-12.

For Hi-Tech Gears Limited

Place: New Delhi  
Date: 31/03/2012

Pranav Kapuria  
Managing Director

## Certification by CEO and CFO for Financial Year 2011-12

We, the undersigned, in our respective capacities as Chief Executive Officer and Sr. General Manager (Finance) of Hi-Tech Gears Ltd. ("the Company) to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the financial year 2011-12 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 in violation 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 and/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 Hi-Tech Gears Limited

Place: New Delhi  
Date: 26/05/2012

Vijay Mathur  
Sr. G. M.  
(Finance)

Pranav Kapuria  
(CEO)

**AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT.**

To  
The Members of  
Hi-Tech Gears Ltd.  
Bhiwadi.

We have examined the compliance of the conditions of Corporate Governance by Hi-Tech Gears Limited, for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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

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

We state that no investor grievance is pending exceeding one month against the Company as per the records maintained by the Company.

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

For GUPTA VIGG & CO.  
Chartered Accountants

Place : New Delhi  
Date : 26/05/2012

CA. Kawal Jain  
Partner  
Membership No. 089214  
Firm Regn. No. 001393N

**SHAREHOLDERS' INFORMATION**

**Registered Office & Works**

A-589, Industrial Complex, Bhiwadi-301019,  
District Alwar, (Rajasthan)  
Tel No: (01493) – 641237-39/641227-29  
Web site: [www.hitechgears.com](http://www.hitechgears.com)

**Corporate Office**

14<sup>th</sup> Floor, Tower-B, Unitech's Millennium Plaza,  
Shushant Lok-I, Sector – 27, Gurgaon, Haryana-122009-01  
Tel No: (0124) – 4715100, Fax No: (0124) – 2806085  
Email: [secretarial@hitechgears.com](mailto:secretarial@hitechgears.com)

**Listing**

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

<b>Stock Exchange</b>	<b>Stock Code</b>
(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

**Annual General Meeting**

Date & Time : Friday the 28<sup>th</sup> day of September,  
2012 at 11.00 A.M.  
Venue : A-589, Industrial Complex,  
Bhiwadi - 301019,  
District Alwar, (Rajasthan).

**Book Closure Dates**

September 17 to September 28, 2012 (both days inclusive)

**Dividend**

The Board of Directors have recommended dividend of Rs. 2.50 per equity share (@ 25%) subject to the approval of the members in Annual General Meeting on 28<sup>th</sup> day of September, 2012.

If dividend on shares as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made to those members whose names appear in the Register of Members on September 28, 2012. In respect of the shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on September 16, 2012, as per the details to be furnished by the depositories for this purpose

**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: Hi-Tech Gears Limited)  
T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase –II,  
New Delhi – 110020.  
Ph. : 011 – 26387281, 82, 83, Fax : 011 – 26387384  
Web site: [www.masserv.com](http://www.masserv.com) Email: [info@masserv.com](mailto:info@masserv.com)



## AUDITORS' REPORT

### To the Members of HI-TECH GEARS LIMITED

1. We have audited the attached Balance sheet of HI-TECH GEARS LIMITED as at 31st March 2012 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. As required by the Companies (Auditors' Report) Order, 2003 [as amended by the Companies (Auditor's Report) (Amendment) order, 2004,] issued by the Central Government of India in terms of sub-section(4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
  4. Further to our comments in the Annexure referred to above, we report that:
    - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
    - ii) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books.
    - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v) On the basis of the written representation received from the Director, as on 31st March 2012 and taken on record by the board of Director, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed in term of requirement under Section 274(1)(g) of the Companies Act, 1956.
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting policies and notes appearing thereon numbering Note 1 to Note 45 give the information as required by The Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) In the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2012.
    - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
    - c) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For GUPTA VIGG & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 001393N

Place : New Delhi  
Dated : 26.05.2012

(CA. KAWAL JAIN)  
PARTNER  
Membership No.089214

**ANNEXURE REFERRED TO IN PARAGRAPH '3' OF THE AUDITORS' REPORT ON THE ACCOUNTS OF HI-TECH GEARS LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012.**

- |  |  |
|--|--|
| <p>i) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of all fixed assets.</p> <p>(b) All the fixed assets have been physically verified by the management during the year except for furniture and fixtures and office equipments. No material discrepancies were noticed on such verification.</p> <p>(c) No substantial part of Fixed Asset has been disposed off during the year.</p>   |  |
| <p>ii) (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.</p> <p>(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and its nature of business.</p> <p>(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.</p> | <p>vi) According to the information and explanation given to us, the Company has not accepted any deposits from the public, under section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.</p> <p>vii) In our opinion and according to the information and explanations given to us, the Company has an adequate internal audit system commensurate with the size and nature of its business.</p> <p>viii) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.</p>                  |
| <p>iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of The Companies Act, 1956. Hence Clause 4 (iii) (b), 4 (iii) (c) and Clause 4 (iii) (d) is not applicable.</p> <p>(e) The company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of The Companies Act, 1956. Hence Clause 4 (iii) (f) and Clause 4 (iii) (g) is not applicable.</p>  | <p>ix) (a) According to the records, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise Duty, Cess, Service Tax have generally been deposited with the appropriate authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise Duty, Education Cess, Service Tax which were outstanding, as at 31<sup>st</sup> March, 2012 for a period of more than six months, from the date they became payable.</p> <p>(b) According to the information and explanations given to us, no dues of Provident Fund, Investor Education and Protection Fund, Employees State Insurance Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise Duty, Education Cess,</p> |
| <p>iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control.</p>   |  |
| <p>v) (a) Based on our audit procedure and according to information and explanation given to us by the management, we are of the opinion that the transactions that need to be entered in to the registered maintained under Section 301 of The Companies Act, 1956 have been so entered.</p>  |  |



Service Tax which have not been deposited on account of any dispute except the following:

S. No.	Particulars	Year	Amount (Rs.)	Pending at Assessing Authority
1	Central Excise Act 1944	2009-2010	445,857	Commissioner (Appeal), CE
2	Central Excise Act 1944	2010-2011	291,171	Commissioner (Appeal), CE
3	Local Area Act 1999	2007-2008	1,219,212	Hon'ble High-Court Rajasthan Jaipur
4	Local Area Act 1999	2008-2009	908,718	Hon'ble High-Court Rajasthan Jaipur
		Total	2,864,958	

- x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution and banks.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, during the year under audit.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of this order are not applicable to the Company.
- xiv) According to the information and explanation provided to us, we are of the opinion that the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of this order are not applicable to the Company.
- xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) According to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.

- xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have not been used for long-term investment.
- xviii) During the period covered by our audit report, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained u/s 301 of the Act.
- xix) During the period covered by our audit report, the Company has not issued any debentures.
- xx) The Company has not raised any money by way of public issue.
- xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For GUPTA VIGG & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 001393N

Place : New Delhi  
Dated : 26.05.2012

(CA. KAWAL JAIN)  
PARTNER  
Membership No.089214

**BALANCE SHEET AS AT 31st March 2012**

Particulars	Note No.	Current Year 31.03.2012 (Rs)	Previous Year 31.03.2011 (Rs)
<b><u>I. EQUITY AND LIABILITIES</u></b>			
<b>(1) SHAREHOLDERS' FUND</b>			
(a) Share Capital	2	187,680,000	187,680,000
(b) Reserves and Surplus	3	1,370,854,182	1,048,274,882
<b>(2) NON CURRENT LIABILITIES</b>			
(a) Long term borrowings	4	410,371,020	450,712,874
(b) Deferred tax liabilities (net)	5	117,790,621	102,224,071
(c) Other long term liabilities	6	-	15,271,908
<b>(3) CURRENT LIABILITIES</b>			
(a) Short term borrowings	7	268,908,453	42,347,534
(b) Trade payables	8	613,457,465	472,136,144
(c) Other current liabilities	9	177,335,049	64,717,591
(d) Short term provisions	10	311,441,500	289,617,286
<b>Total</b>		<b><u>3,457,838,290</u></b>	<b><u>2,672,982,290</u></b>
<b><u>II. ASSETS</u></b>			
<b>(1) NON CURRENT ASSETS</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		2,005,559,644	1,552,022,637
(ii) Intangible Assets		1,262,288	895,799
(iii) Capital Work-in-Progress		2,976,021	275,659
(b) Non current Investments	12	40,500	40,500
(c) Long term loans and advances	13	44,086,574	58,635,767
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	14	244,690,271	220,366,694
(b) Trade Receivables	15	700,823,010	306,797,308
(c) Cash and Bank Balances	16	18,977,245	203,648,477
(d) Short term loans and advances	17	439,422,737	330,299,449
<b>Total</b>		<b><u>3,457,838,290</u></b>	<b><u>2,672,982,290</u></b>
<b>See accompanying significant accounting policies</b>	1		

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR GUPTA VIGG & CO.

CHARTERED ACCOUNTANTS

FIRM REGN.NO. 001393N

DEEP KAPURIA

EXECUTIVE CHAIRMAN

VIJAY MATHUR

SANDEEP DINODIA

DIRECTOR

SR. GM (FINANCE)

ANIL KHANNA

DIRECTOR

PRANAV KAPURIA

MANAGING DIRECTOR

ANUJ KAPURIA

WHOLE TIME DIRECTOR

(CA.KAWAL JAIN)

S.K.KHATRI

R.C. JAIN

DIRECTOR

PARTNER

COMPANY SECRETARY

K C VERMA

ADDITIONAL DIRECTOR

MEMBERSHIP NO. 089214

PROSAD DAS GUPTA

ADDITIONAL DIRECTOR

PLACE : NEW DELHI

DATE : 26-05-2012



**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2012**

Particulars	Note No.	Current Year 31.03.2012 (Rs)	Previous Year 31.03.2011 (Rs)
I. Revenue from Operations	18	4,974,842,326	4,249,315,143
II. Other Income	19	34,979,244	24,637,881
<b>III. Total Revenue (I+II)</b>		<b><u>5,009,821,570</u></b>	<b><u>4,273,953,024</u></b>
IV. EXPENSES			
Cost of Materials Consumed	20	2,786,307,314	2,356,657,426
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	(31,188,873)	(31,862,957)
Employee Benefit Expense	22	581,742,845	455,318,310
Finance Cost	23	74,139,665	75,615,548
Depreciation and Amortization Expense	11	198,228,749	161,870,641
Other Expenses	24	775,473,067	729,734,712
<b>V. Total expenses</b>		<b><u>4,384,702,767</u></b>	<b><u>3,747,333,680</u></b>
VI. Profit before Exceptional and Extraordinary items and tax	IV-V	625,118,803	526,619,344
VII. Exceptional Items		-	-
VIII. Profit before extraordinary items and tax	VI-VII	625,118,803	526,619,344
IX. Extraordinary Items		-	-
X. Profit before tax	VIII-IX	625,118,803	526,619,344
XI. Tax expense:			
(a) Current Income tax		184,000,000	180,000,000
(b) Deferred tax		15,566,550	(3,728,171)
(c) Income tax for earlier years		4,411,448	-
XII. Profit for the period from continuing operations	IX-X	421,140,805	350,347,515
XIII. Profit from discontinuing operations		-	-
XIV. Tax expense of discounting operations		-	-
XV. Profit from Discontinuing operations	XIII-XIV	-	-
XVI. Profit for the period	XII+XV	<b><u>421,140,805</u></b>	<b><u>350,347,515</u></b>
Number of shares for the purpose of calculating EPS		18,768,000	18,768,000
Earning per equity share of Rs. 10/- each			
1. Basic		22.44	18.67
2. Diluted		22.44	18.67

**See accompanying significant accounting policies**

1

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

FOR GUPTA VIGG & CO.

CHARTERED ACCOUNTANTS

FIRM REGN.NO. 001393N

VIJAY MATHUR  
SR. GM (FINANCE)

DEEP KAPURIA                      EXECUTIVE CHAIRMAN  
SANDEEP DINODIA                DIRECTOR  
ANIL KHANNA                      DIRECTOR  
PRANAV KAPURIA                 MANAGING DIRECTOR  
ANUJ KAPURIA                     WHOLE TIME DIRECTOR  
R.C. JAIN                             DIRECTOR  
K C VERMA                          ADDITIONAL DIRECTOR  
PROSAD DAS GUPTA                ADDITIONAL DIRECTOR

(CA.KAWAL JAIN)

S.K.KHATRI  
COMPANY SECRETARY

PARTNER

MEMBERSHIP NO. 089214

PLACE : NEW DELHI

DATE : 26-05-2012

## **NOTE '1' – SIGNIFICANT ACCOUNTING POLICIES.**

### **a) Basis of Preparation of Financial Statements.**

- i) The Financial Statements are prepared under the historical cost convention on accrual basis and are materially in conformity with the mandatory accounting standards issued under Companies (Accounting Standards) Amended Rules 2009 & relevant provisions of the Companies Act, 1956.
- ii) During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.
- iii) Accounting Policies not specifically referred to otherwise are consistent and in accordance with generally accepted accounting principles.

### **b) Fixed Assets and Depreciation:**

All Tangible & Intangible Assets are stated at cost less accumulated depreciation. Depreciation on Buildings and Plant and Equipment is charged on pro-rata basis on Straight Line Method at the rates prescribed in schedule XIV of the Companies Act 1956. Depreciation on Fixed Assets costing less than Rs.5000/-, each in value, are depreciated at the rate of 100% in the year of purchase. Depreciation on rest of the fixed assets has been provided at the rates prescribed in Schedule XIV of the Companies Act 1956 on Written Down Value basis.

### **c) Investments:**

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

### **d) Inventories:**

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

Stores, Spares and Loose Tools and Raw Materials:  
**At cost (First in First out)**

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

Finished Goods: **At material cost plus conversion cost on the basis of absorption costing or Net**

**Realisable value whichever is lower (Inclusive of excise duty payable)**

Scrap: **At realizable value.**

Stock in Trade includes Raw Materials & Scrap.

### **e) Impairment of Assets:**

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

### **f) Retirement Benefits:**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit schemes, the cost of providing benefits is determined using Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Actuarial gain & losses are recognized in full in the Profit & Loss account for the period in which they occur. Past service cost is recognized to the extent the benefits are already vested, and otherwise is amortized on a Straight-line method over the average period until the benefits become vested.

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. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

#### **(a) Gratuity Plan**

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

#### **(b) Leave Encashment Plan**

The Company is making a provision on actuarial basis for leave encashment benefit of the employees, the amount of provision & paid during the year is charged to Profit & Loss Account.



**g) Sales:**

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

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

**h) Foreign Currency Transactions:**

(i) Transaction in foreign currencies is converted in rupees at the rates prevailing on the date of transaction. Loans and other outstanding balances in foreign currencies at the end of the year are converted at the rates prevailing on that date.

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

(ii) Derivative Instruments and Hedge accounting:  
The Company uses foreign exchange forward contracts and options to hedge its exposure to movements in foreign exchange rates. These foreign exchange forward contracts and options are not used for trading or speculation purposes. For unexpired forward contracts or options that are designated as effective cash flow hedges the gain or loss from the effective portion of the hedge is recorded and reported directly in the shareholders' fund ( under the head "Hedging Reserve) and will be transferred to Profit and Loss account upon the occurrence of the events when the contracts get transacted.

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

**i) Taxation:**

Income Tax provision has been made as per the provisions of the Income Tax Act, 1961.

**j) Deferred Taxes:**

Deferred tax resulting from timing difference between

taxable and accounting income is accounted for, using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date.

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

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

**m) Interest on borrowed funds:-**

In respect of new units/major expansion the interest paid/payable on borrowed funds, attributable to construction of building and acquisition/erection of Plant & Machinery is capitalized up to the date of completion of construction / acquisition/erection of aforesaid assets.

**n) Provisions, Contingent Liabilities and Contingent Assets**

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

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

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

**o) Use of Estimates:**

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

**p) Research and Development Costs:**

Revenue expenditure incurred on research and development has been charged to the Profit & Loss Account in the year it is incurred. Capital expenditure is included in respective heads under fixed assets.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2012

	Current Year 31.03.2012 (Rs)	Previous Year 31.03.2011 (Rs)
<b>NOTE '2' - SHARE CAPITAL</b>		
<b>(a) Authorised Capital</b>		
20,000,000 Equity shares of Rs.10/- each with voting right	<u>200,000,000</u>	<u>200,000,000</u>
(Previous year 20,000,000 Equity shares of Rs. 10/- each with voting right)		
<b>(b) Issued, Subscribed and fully Paid-up</b>		
18,768,000 Equity shares of Rs. 10/- each & Fully paid up with voting right	<u>187,680,000</u>	<u>187,680,000</u>
(Previous year 18,768,000 Equity shares of Rs. 10/- each fully paid up with voting right)		

**(c) Reconciliation of the number of Equity Shares with voting right**

	31.03.2012	31.03.2011
Shares outstanding at the beginning of the year	18,768,000	9,384,000
Add : Shares issued during the year	Nil	9,384,000
Less: Shares forfeited during the year`	Nil	Nil
Shares outstanding at the end of the year	18,768,000	18,768,000

**(d) Equity Shares held by shareholders holding more than 5% of total number of shares with voting right**

Name of Share Holder	Relationship	31.03.2012		31.03.2011	
		No of Shares	%	No of Shares	%
Vulcan Electro Controls Ltd	(Associate company)	1,082,000	5.77	1,082,000	5.77
Olympus Electrical Indust. P Ltd	(Associate Company)	1,745,200	9.30	1,745,200	9.30
Hitech Portfolio Investments Ltd	(Associate Company)	1,971,876	10.51	1,971,876	10.51
Mr. Deep Kapuria	(Executive Chairman)	3,083,045	16.43	3,074,569	16.38

**(e) Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share, if poll is demanded. They have right to participate in the profits of the company, if recommended by the Board and declared by the members at their Annual General Meeting. They have right to Annual Report of the Company.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company.

The distribution will be in proportion to the number of equity shares held by the shareholders.

**(f) - Aggregate number of fully paid up Equity Shares allotted as bonus shares during the period of 5 Years immediately preceding the Balance Sheet Date:**

	Aggregate number of shares	
	As at 31.03.12	As at 31.03.11
- Equity Shares of Rs.10/- each with voting rights fully paidup allotted by way of bonus shares in the year 2010-11	9,384,000	9,384,000



	Current Year 31.03.2012 (Rs)	Previous Year 31.03.2011 (Rs)
<b>NOTE '3' - RESERVES &amp; SURPLUS</b>		
(a) Capital Reserve		
(i) Central Investment Subsidy		
Balance as per last Balance Sheet	1,500,000	1,500,000
Add: Received during the year	-	-
Less: Utilised during the year	-	-
Closing Balance	1,500,000	1,500,000
(ii) State Capital Investment Subsidy		
Balance as per last Balance Sheet	6,846,000	6,846,000
Add: Received during the year	-	-
Less: Utilised during the year	-	-
Closing Balance	6,846,000	6,846,000
(b) Revaluation Reserve - Land		
Balance as per last Balance Sheet	301,643,801	317,301,647
Add :Revaluation during the year	-	-
Less: Utilised during the year	-	15,657,846
Closing Balance	301,643,801	301,643,801
(c) Corporate Social Responsibility Reserve		
Balance as per last Balance Sheet	9,000,000	5,000,000
Add :Transferred from surplus during the year	5,000,000	5,000,000
Less: Utilised during the year	11,000	1,000,000
Closing Balance	13,989,000	9,000,000
(d) General Reserve		
Balance as per last Balance Sheet	185,087,991	238,927,991
Add : Transferred from surplus during the year	45,000,000	40,000,000
Less: Utilised for issuance of Bonus Share	-	93,840,000
Less: Transferred to Corporate Social Responsibility reserve	-	-
Closing Balance	230,087,991	185,087,991
(e) Hedging Reserve		
Balance as per last Balance Sheet	(1,444,208)	(6,715,728)
Add : During the year	-	5,271,520
Less: During the year (Refer Note no.'33')	393,629	-
Closing Balance	(1,837,837)	(1,444,208)
(f) Surplus in Statement of Profit & Loss		
Balance as per last Balance Sheet	545,641,298	327,653,083
Add : Profit for the year	421,140,805	350,347,515
Less: Interim Dividend distributed to equity shareholders Rs.2/- per share	37,536,000	28,152,000
Less: Dividend Proposed to be distributed to equity shareholders Rs.2.50 Per share	46,920,000	46,920,000
Less: Tax on Dividend (Interim)	6,089,278	4,494,470
Less: Tax on Dividend	7,611,598	7,792,830
Less: transferred to General Reserve	45,000,000	40,000,000
Less: Corporate Social Responsibility Reserve	5,000,000	5,000,000
Closing Balance	818,625,227	545,641,298
<b>TOTAL</b>	<b>1,370,854,182</b>	<b>1,048,274,882</b>

	Current Year 31.03.2012 (Rs)	Previous Year 31.03.2011 (Rs)
<b>NOTE '4' - LONG TERM BORROWINGS</b>		
<b>Secured:</b>		
<b>(I) Term-loans: From banks</b>		
<b>(a) State Bank of India</b>	-	11,960,000
Terms & Conditions:-	31.03.2012	31.03.2011
Sanctioned Amount:-	Rs.60,000,000	Rs.60,000,000
Total No. of Installments:-	20 Quarterly installment of Rs.3,000,000/- each	
No. of Installment pending:-	4 Nos.	8 Nos.
Security:-The amount is secured by first Pari-Passu charge on Immovable property situated at A-589, RICCO, Bhiwadi - 301019, Rajasthan and Second Charge on all movable assets - Stocks, Raw material, WIP, Finished Goods.		
<b>(b) Yes Bank Ltd</b>	6,250,000	31,250,000
Terms & Conditions:-	31.03.2012	31.03.2011
Sanctioned Amount:-	Rs.100,000,000	Rs.100,000,000
Total No. of Installments:-	16 Quarterly installment of Rs.6,250,000/- each	
No. of Installment pending:-	5 Nos.	9 Nos.
Security:-The amount is secured by first pari pasu charge of immoveable property at A-589, RICCO, Bhiwadi and also first pari pasu charge on all moveable fixed assets except P&M, which is specifically charged to Citi Bank and also second pari pasu by way of hypothecation charge on all current assets		
<b>(c) DBS ECB (USD 3,375,000 Previous year-USD 4,500,000)</b>	174,453,750	203,445,000
Terms & Conditions:-	31.03.2012	31.03.2011
Sanctioned Amount:-	USD 4,500,000	USD 4,500,000
Total No. of Installments:-	16 Quarterly installment of USD 281,000/- each	
No. of Installment pending:-	16 Nos.	16 Nos.
Security:-The amount is secured by way of pari pasu first charge over moveable fixed asset, both present and future and also secured by second pari pasu charge over goods, both present & future including book debts. the charge is also secured by mortgage of all pieces and land situated at A 589, RICCO, Bhiwadi, Alwar		
<b>(d) SCB ECB USD (USD 3,300,000 Previous year-USD 4,400,000)</b>	170,577,000	198,924,000
Terms & Conditions:-	31.03.2012	31.03.2011
Sanctioned Amount:-	USD 4,400,000	USD 4,400,000
Total No. of Installments:-	16 Quarterly installment of USD 275,000/- each	
No. of Installment pending:-	16 Nos.	16 Nos.
Security:-The amount is secured by way of Hyp. on first pari passu basis over all present & future moveable fixed assets (excluding assests specifically charged) and also secured by 2nd pari pasu charge on entire current assets. The amount is also secured by mortgage of Premises situated at A-589 Ricco, Bhiwadi.		
<b>(e) Car Loan</b>		
<b>(i) ICICI Bank Limited</b>	6,902,328	5,048,753
<b>(ii) HDFC Bank Ltd</b>	-	85,121
The Car loans comprise of 8 loans availed during current year and over past number of years with varying terms and conditions including varying maturity periods.		
<b>(f) DBS Bank Buyers Credit (EURO 752,204.41, Previous year Nil)</b>	52,187,942	-
Security:-The amount is secured from Bank located outside India under secured Non-Funded Facilities sanctioned and guaranteed by Banks in India viz. DBS Bank Limited.		
<b>TOTAL</b>	<b>410,371,020</b>	<b>450,712,874</b>
<b>NOTE '5' - DEFERRED TAX LIABILITIES</b>		
Opening Balance	102,224,071	105,952,242
Add : Deferred tax liability during the year (Refer Note.'31')	15,566,550	(3,728,171)
Closing Balance	<b>117,790,621</b>	<b>102,224,071</b>
<b>NOTE '6' - OTHER LONG TERM LIABILITIES</b>		
Advances from customers	-	15,271,908
<b>TOTAL</b>	<b>-</b>	<b>15,271,908</b>



	Current Year 31.03.2012 (Rs)	Previous Year 31.03.2011 (Rs)
<b>NOTE '7' - SHORT TERM BORROWINGS</b>		
Secured:		
Working Capital-loans / Loans repayable on demand from banks:		
(a) Citi Bank-NA	156,784,062	8,627,474
Security:-Amount is secured by way of first charge on pari pasu basis of all stock in trade, book debts all Present and future including machinery and also secured by second pari pasu charge on all Present and future moveable fixed assets		
(b) Standard Chartered Bank-Packing Credit	11,639,314	33,720,060
(c) Standard Chartered Bank	33,126,417	-
Security:-Both (b)&(c) amount is secured by way of first charge on pari pasu basis of all stock in trade, book debts all Present and future including machinery and also secured by second pari pasu charge on all Present and future fixed assets. Further, the charge is secured by second pari pasu on immovable properties at A-589, RICCO, Bhiwadi together with L&B, P&M & F&F attached/installed and to be attached/installed.		
(d) ICICI Bank Limited	1,308,989	-
Security:-The Amount is secured by way of first charge on pari pasu basis of all stock in trade, spares & other moveable including book debts, bills all Present and future ranking pari pasu with other participating banks		
(e) Citi Bank Buyers Credit	66,049,671	-
Security:-The amount is secured from Bank located outside India under secured Non-Funded Facilities sanctioned and guaranteed by Banks in India viz. Citi bank NA.		
<b>TOTAL</b>	<b>268,908,453</b>	<b>42,347,534</b>
<b>NOTE '8' - TRADE PAYABLES</b>		
(a) Creditors		
(i) Due to Micro & Small Enterprises (Refer Note.'35')	2,419,977	3,123,486
(ii) Due to Others**	304,156,706	306,576,683
(b) Other payables:		
(i) Employees Benefits Payables	25,085,885	24,308,614
(ii) Expenses Payable**	150,978,954	107,836,164
(iii) Against purchase of fixed assets	30,362,645	14,412,096
(iv) Other contractual obligations		
(a) Due to Micro & Small Enterprises (Refer Note.'35')	336,744	395,990
(b) Due to Others**	50,548,825	41,238,639
(v) Advance from customer	49,567,729	306,880,782
**for related party Creditors (Due to Others) (Refer Note.'28')		
<b>TOTAL</b>	<b>613,457,465</b>	<b>472,136,144</b>
<b>NOTE '9' - OTHER CURRENT LIABILITIES</b>		
(a) Current Maturity of Long Term Debts (Secured Term loan from Banks) (Refer Note no.4 for Security Detail)	158,415,444	47,548,263
(b) Interest Accrued but not due	4,947,771	3,245,661
(c) Interest Accrued and Due	610,894	-
(d) Unpaid dividends	972,215	1,207,151
(e) Other payables		
(i) Statutory liabilities (Excise duty, Vat, TDS & other)	9,988,724	10,616,516
(ii) Trade security deposits	2,400,000	12,388,724
<b>TOTAL</b>	<b>177,335,048</b>	<b>2,100,000</b>
<b>NOTE '10' - SHORT TERM PROVISIONS</b>		
(a) Employee Benefits		
(i) Gratuity	26,380,691	24,976,588
(ii) Bonus EX-Gratia	11,290,840	9,007,695
(iii) Compensated Absences	33,343,875	71,015,406
(b) Provision For Tax	184,000,000	180,000,000
(c) Provision for Wealth Tax	56,660	25,000
(d) Provision For Dividend	46,920,000	46,920,000
(e) Provision for Tax on Dividend	7,611,597	7,774,706
(f) Fair Valuation Loss on Derivatives	1,837,837	1,444,208
<b>TOTAL</b>	<b>311,441,500</b>	<b>289,617,286</b>

NOTE '11': FIXED ASSETS	(Amt. In Rs.)											
	Gross Block					Depreciation			Net Block			
	Cost as on 01.04.2011	Additions	Exchange Cost (AS-11)	Borrowing Year Capitalised	Disposals During the	Total as on 31.03.2012	Depreciation as on 01.04.2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Total Dep as on 31.03.2012	W.D.V. as on 31.03.2012	W.D.V. as on 31.03.2011
<b>(I) TANGIBLE ASSETS</b>												
A LAND												
Freehold*	313,520,442	1,695,980	-	-	-	315,216,422	-	-	-	-	315,216,422	313,520,442
Leasehold	60,808,529	-	-	-	-	60,808,529	-	-	-	-	60,808,529	60,808,529
B (i) BUILDING	273,249,131	90,910,368	13,774,457	-	270,679	377,663,277	38,196,733	8,755,074	92,454	46,859,353	330,803,924	235,052,398
(ii) RESIDENTIAL FLATS (Leasehold)	5,755,011	-	-	-	-	5,755,011	1,087,239	93,807	-	1,181,046	4,573,965	4,667,772
C PLANT & EQUIPMENTS	1,771,457,866	475,216,563	43,132,522	8,102,003	24,846,669	2,273,062,285	897,771,823	165,292,782	22,250,456	1,040,814,149	1,232,248,137	873,686,044
D FURNITURE & FIXTURE	22,115,572	2,806,938	-	-	-	24,922,510	13,009,392	2,569,790	-	15,579,182	9,343,328	9,106,179
E VEHICLES	30,563,104	13,502,236	-	-	3,747,017	40,318,323	16,012,976	5,630,816	3,529,618	18,114,174	22,204,149	14,550,128
F OFFICE EQUIPMENTS	119,044,485	5,653,512	14,933	-	11,189,753	113,523,177	78,413,340	15,635,196	10,886,549	83,161,987	30,361,190	40,631,145
<b>TOTAL - I (A+B+C+D+E+F)</b>	<b>2,596,514,140</b>	<b>589,785,597</b>	<b>56,921,912</b>	<b>8,102,003</b>	<b>40,054,118</b>	<b>3,211,269,534</b>	<b>1,044,491,503</b>	<b>197,977,465</b>	<b>36,759,077</b>	<b>1,205,709,891</b>	<b>2,005,559,644</b>	<b>1,552,022,637</b>
<b>(II) INTANGIBLE ASSETS</b>												
G INVESTMENT IN TENANCY RIGHT	351,950	-	-	-	-	351,950	-	-	-	-	351,950	351,950
H SOFTWARE	6,486,710	617,773	-	-	-	7,104,483	5,942,861	251,284	-	6,194,145	910,338	543,849
<b>TOTAL-II (G+H)</b>	<b>6,838,660</b>	<b>617,773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,456,433</b>	<b>5,942,861</b>	<b>251,284</b>	<b>-</b>	<b>6,194,145</b>	<b>1,262,288</b>	<b>895,799</b>
<b>GRAND TOTAL-(I+II)</b>	<b>2,603,352,800</b>	<b>590,403,370</b>	<b>56,921,912</b>	<b>8,102,003</b>	<b>40,054,118</b>	<b>3,218,725,967</b>	<b>1,050,434,364</b>	<b>198,228,749</b>	<b>36,759,077</b>	<b>1,211,904,036</b>	<b>2,006,821,932</b>	<b>1,552,918,436</b>
<b>PREVIOUS YEAR</b>	<b>2,318,979,919</b>	<b>309,292,836</b>	<b>(197,662)</b>		<b>24,722,295</b>	<b>2,603,352,800</b>	<b>896,238,480</b>	<b>161,870,642</b>	<b>7,674,757</b>	<b>1,050,434,364</b>	<b>1,552,918,436</b>	
<b>(III) CAPITAL WORK IN PROGRESS</b>												
I BUILDING	-	-	-	-	-	-	-	-	-	-	-	-
J PLANT & MACHINERY	-	-	-	-	-	-	-	-	-	-	2,976,021	275,658
<b>TOTAL-III (I+J)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,976,021</b>	<b>275,658</b>

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

Further, during the Financial Year 2010-11 a part of above land was acquired by the Government of Haryana and amount of Rs.35,20,396/- was received as compensation against 3 Kanal and 8 marla land. Revaluation reserve amounting to Rs.1,56,57,846/- pertaining to the acquired part of land had been reversed during the Financial Year 2010-11.



	Current Year 31.03.2012 (Rs)	Previous Year 31.03.2011 (Rs)
<b>NOTE '12' - NON CURRENT INVESTMENTS</b>		
(a) Investment in Equity Instruments (NonTrade) Quoted (At cost) 750 Equity Shares Of Rs. 10/- Each Fully Paid Up of State Bank Of Bikaner & Jaipur Market Value Rs.302,063/-,(Previous year Rs.390,900/-)	40,500	40,500
<b>TOTAL</b>	<b>40,500</b>	<b>40,500</b>
<b>NOTE '13' - LONG TERM LOANS AND ADVANCES</b>		
(Unsecured Considered Good)		
(a) Capital Advances	28,530,699	29,699,296
(b) Security Deposits	14,567,272	14,015,372
(c) Other Loan and advances		
(i) Employees	153,505	179,282
(ii) Others	835,098	14,741,817
<b>TOTAL</b>	<b>44,086,574</b>	<b>58,635,767</b>
<b>NOTE '14' - INVENTORY</b>		
- As Valued And Certified By The Management)		
(a) Raw Material (At Cost)	50,409,691	71,148,038
(b) Work-in-progress (At Lower of cost plus conversion cost on the basis of absorption costing and net realisable value)	96,478,852	64,671,341
(c) Finished Goods (At Lower of cost plus conversion cost on the basis of absorption costing and net realisable value) (cost Inclusive of excise duty payable)	29,514,112	30,132,750
(d) Stores and spares (At Cost)	68,287,616	54,414,565
<b>TOTAL</b>	<b>244,690,271</b>	<b>220,366,694</b>
<b>NOTE '15' - TRADE RECEIVABLES</b>		
(a) Unsecured, considered good		
Outstanding for more than six months from due date	19,192,540	10,830,645
Others***	681,630,470	295,966,663
(b) Doubtful		
Trade Receivables	5,920,448	5,168,235
Less: Provision for doubtful debts	5,920,448	5,168,235
***for related party Creditors (Due to Others) (Refer Note.'28')		
<b>TOTAL</b>	<b>700,823,010</b>	<b>306,797,308</b>
<b>NOTE '16' - CASH AND BANK BALANCES</b>		
A) Cash & Cash Equivalents		
(a) Cash on Hand (including Imprest)	344,259	320,919
(b) Balances With Banks		
In Current A/C	5,799,263	14,422,705
In EEFC Accounts	4,922,118	10,721,381
In EEFC Accounts	3,992	14,426,697
B) Other Bank Balance		
In Fixed Deposits	-	180,000,000
In Unpaid Dividend Accounts-ICICI Bank	349,929	428,035
In Unpaid Dividend Accounts-State bank of India	622,287	779,115
In Margin Money (Against Letter of Credit & Bank Guarantees) (Refer note below)	5,935,010	7,112,645
Interest accrued on FDR	1,004,379	581,065
Note: Margin money deposits with bank include Rs.55,00,000/- which have an original maturity of more than 12 months.		
<b>TOTAL</b>	<b>18,977,245</b>	<b>203,648,476</b>

	Current Year 31.03.2012 (Rs)	Previous Year 31.03.2011 (Rs)
<b>NOTE '17' - SHORT TERM LOANS AND ADVANCES</b>		
(i) Unsecured, considered good		
(a) Security deposits	4,421,567	7,005,153
(b) Loan and advances to Employees	2,583,958	2,000,083
(c) Prepaid expenses	15,369,809	9,492,312
(d) Balances with government authorities (vat, excise & other)	35,577,605	30,756,897
(e) Advance Tax/Tax Deducted At Source	198,026,209	174,423,228
(f) Others		
Amount Recoverable In Cash Or In Kind	136,692,498	80,309,720
Advance to supplier	46,751,091	26,312,056
(ii) Doubtful		
Advance to supplier	7,763,738	12,808,571
Less: Provision for doubtful debts	7,763,738	-
<b>TOTAL</b>	<b>439,422,737</b>	<b>330,299,449</b>
<b>NOTE '18' - REVENUE FROM OPERATIONS</b>		
(a) Sale of products		
(i) Sale of manufactured goods		
Transmission Gears and Shaft-Domestic	3,862,755,149	3,483,318,767
Transmission Gears and Shaft-Export	1,087,477,030	920,690,426
Software-Export	6,829,556	4,014,762
(ii) Sale of Traded goods		
Transmission Gears and Shaft-Export	180,654,447	-
(iii) Sale Services		
Sales Jobwork	32,654,051	13,946,882
Tax Deduction at Source Rs.655,116/- (Previous Year Rs.323,163/-)		
Software-Services	29,965,987	20,941,747
Tax Deduction at Source Rs.3,107,033/- (Previous Year Rs.1,686,168/-)		
less: Excise Duty	356,840,061	313,229,316
(b) Other operating revenues:		
Export Incentives	24,073,681	30,540,904
Sales Scrap	107,272,487	89,090,972
<b>TOTAL</b>	<b>4,974,842,326</b>	<b>4,249,315,143</b>
<b>NOTE '19' - OTHER INCOME</b>		
Interest Income	16,294,122	2,047,951
Tax Deduction at Source Rs.1,621,924/- (Previous Year Rs.554,004/-)		
Dividend Income from non current investment	6,900	16,200
Excess Provision Written Back	5,965,395	851,164
Other non-operating income		
Profit on Exchange Fluctuation other than Finance Cost	-	7,232,768
Cash Discount	12,661,723	11,601,903
Profit on Sales Of Assets (Net)	-	2,807,252
Miscellaneous Receipts	51,104	80,643
<b>TOTAL</b>	<b>34,979,244</b>	<b>24,637,881</b>
<b>NOTE '20'- COST OF MATERIAL CONSUMED</b>		
Opening Stock of Raw Material	71,148,038	119,514,241
Add: Purchase during the Year	2,765,568,967	2,308,291,223
	2,836,717,005	2,427,805,464
Less: Closing Stock of Raw Material	50,409,691	71,148,038
Raw material consumed	2,786,307,314	2,356,657,426
<b>TOTAL</b>	<b>2,786,307,314</b>	<b>2,356,657,426</b>



	Current Year 31.03.2012 (Rs)	Previous Year 31.03.2011 (Rs)
<b>NOTE '21' - CHANGE IN INVENTORY</b>		
<b><u>Inventories at the end of the year:</u></b>		
Finished goods	29,514,112	30,132,750
Work-in-progress	96,478,852	64,671,341
<b><u>Inventories at the beginning of the year:</u></b>		
Finished goods	30,132,750	4,636,622
Work-in-progress	64,671,341	58,304,512
<b>Net (increase) / decrease</b>	<b>(31,188,873)</b>	<b>(31,862,957)</b>
<b>TOTAL</b>	<b>(31,188,873)</b>	<b>(31,862,957)</b>
<b>NOTE '22' - EMPLOYEE BENEFIT EXPENSES</b>		
Salary, Wages & Perquisites	527,735,754	409,862,241
Contribution To PF, ESI & Other Funds	22,970,707	19,891,176
Labour And Staff Welfare	31,036,385	25,564,893
<b>TOTAL</b>	<b>581,742,846</b>	<b>455,318,310</b>
<b>NOTE '23' - FINANCE COST</b>		
Interest To Banks	35,524,073	32,964,257
Interest To Others	29,737,322	38,589,624
Loss/(Profit) on Exchange Rate Fluctuation	4,999,761	(536,766)
Bank Commision & Charges	3,878,509	4,598,433
<b>TOTAL</b>	<b>74,139,665</b>	<b>75,615,548</b>
<b>NOTE '24' - OTHER EXPENSES</b>		
Stores and Spares consumed	260,714,795	229,122,697
Power and Fuel	173,960,932	154,071,670
Rent	20,518,572	23,716,894
Repairs to Building	5,088,260	1,622,910
Machinery Repairs	59,416,226	35,111,418
Insurance	12,121,398	9,337,750
Fees Rates & Taxes	1,017,801	4,755,295
Charity & Donation	689,582	334,186
Payment to Auditors:		
Audit fees	750,000	500,000
Out of pocket expenses	132,189	127,454
In other capacity	157,500	112,500
Directors Remuneration (Including sitting fees)	52,911,930	46,633,424
Bad Debts	-	10,601,099
Loss on Exchange Fluctuation other than Finance Cost	15,448,069	-
Loss on Sales Of Assets (Net)	2,328,561	-
Provision for Doubtful Debts	752,212	17,976,806
Amount Receivable Written off	-	47,636,336
Prior Period Expenses	143,036	71,661
Miscellaneous expenses	169,322,004	148,002,612
<b>TOTAL</b>	<b>775,473,067</b>	<b>729,734,712</b>

**NOTE '25' – FOREIGN EXCHANGE FLUCTUATION.**

- A) The Profit & Loss account of the Company includes a loss of Rs. **20,447,830/-** (Net) (Previous year Profit of Rs. **7,769,534/-** (Net) on account of Foreign Exchange Fluctuation, details of the same are stated as below: -

Particulars	For the period ended 31.03.12 Amount (Rs.)	For the period ended 31.03.11 Amount (Rs.)
Profit/(Loss)Recognized on Foreign Currency Loans (Net)	(4,999,761)	389,501
Profit/(Loss) earned on Imports (Net)	3,873,996	0.00
Profit/(Loss) recognized on Exports (Net)	17,209,719	1,854,886
Profit/(Loss) on Options (Net)	(36,516,616)	5,692,559
Profit/(Loss) on Other expenses (Net)	(15,168)	(167,452)
<b>Total Amount (Net)</b>	<b>(20,447,830)</b>	<b>7,769,534</b>

- B) Company opted for the option to follow principles of notification of the Companies (Accounting Standards) Amendment Rules 2006 on 31<sup>st</sup> March 2009. Thereby exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/ deducted from the cost of the asset under the head "Addition" of Note 10 and depreciated over the balance life of the asset.

Accordingly, Rs.**56,921,911/-** (Previous Year Rs.(197,661/-)) have been included to the cost of fixed assets and the profit for the year is higher by Rs. **56,921,911/-** (previous year profit for the year was lower by Rs.197,661/-).

**NOTE '26' – FUNDED STATUS OF GRATUITY PLAN & LEAVE ENCASHMENT.**

The following tables set out the funded and unfunded status of the gratuity plan and leave encashment amounts recognized in the Company's financial statements as at 31March, 2012:

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

	Current Year Leave Encashment	Previous Year Leave Encashment	Current Year Gratuity	Previous Year Gratuity
Discount Rate	8.78%	8.34%	8.78%	8.34%
Rate of increase In Compensation Levels	12.00%	8.00%	12.00%	8.00%
Expected Rate of Return of Plan Assets	-	-	9.25%	9.25%
Expected Average Remaining Working Lives of Employees (Years)	21.13	20.76	-	-
				Amount in Rs.
Change in the present value of obligation:	Leave Encashment	Leave Encashment	Gratuity	Gratuity
Present value of obligation as at 01.04.11	19,469,088	10,873,126	59,412,792	34,139,640
Interest Cost	1,709,386	906,819	5,216,443	2,847,246
Past Service Cost	-	-	-	2,690,504
Current Service Cost	12,234,717	3,777,877	9,864,183	5,479,364
Benefits Paid	(6,782,721)	(6,537,174)	(4,566,289)	(2,546,278)
Actuarial (gain)/loss on obligations	6,713,705	10,448,440	13,300,065	16,802,316
Present value of obligation as at 31.03.12	33,343,875	19,469,088	83,227,194	594,12,792



<b>Change in the fair value of Plan Assets:</b>	<b>Gratuity Funded</b>	<b>Gratuity Funded</b>
Fair value of Plan Assets at 01.04.11	34,436,204	27,976,163
Actual Return on Plan Assets	-	2,827,775
Contributions	26,591,581	6,178,544
Benefits Paid	(4,566,289)	(2,546,278)
Fair value of Plan Assets at 31.03.12	56,461,496	34,436,204
<b>Reconciliation of present value of defined benefit obligation and the fair value of assets</b>	<b>Gratuity</b>	<b>Gratuity</b>
Present value of funded obligation as at 31.03.12	83,227,194	59,412,792
Fair value of Plan Assets as at the end of the period funded status	56,461,496	34,436,204
Present value of unfunded obligation as at 31.03.12	26,765,698	24,976,588
Unfunded Net Liability recognized in Balance Sheet	26,765,698	24,976,588
<b>Expenses recognized in the Profit and Loss Account</b>	<b>Gratuity</b>	<b>Gratuity</b>
Current Service Cost	9,864,183	5,479,364
Past Service Cost	-	2,690,504
Interest Cost	5,216,443	2,847,246
Expected Return on Plan Assets	(3,185,349)	(2,587,795)
Net Actuarial (Gain)/Loss recognized in the period	16,485,414	16,562,336
Total Expenses recognized in the Profit and Loss Account	28,380,691	24,991,655

#### **NOTE '27' – SEGMENT INFORMATION (AS-17)**

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

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

<b>Geographic Segment</b>	<b>Revenues For the year ended 31 March, 2012 Amount in Rs.</b>
Americas	1,128,823,889 (852,655,337)
Europe	134,226,442 (27,853,509)
India	3,699,881,294 (3,324,609,955)
Others	11,910,702 (44,196,342)
Note: Figures in bracket relates to the previous year	

#### **NOTE '28' – RELATED PARTY DISCLOSURES (AS-18)**

(a) Enterprise in which company has control -NIL

(b) Key Management Personnel

1 Sh. Deep Kapuria

2 Sh. Pranav Kapuria

3 Sh. Anuj Kapuria

Executive Chairman

Managing Director

Whole Time Director

c) Details of related parties:

Description of relationship	Names of related parties
Associates	M/s Aquarian Fibrecement Pvt. Ltd. M/s. Vulcan Electro Controls Ltd. Hi-Tech Robotic Systemz Ltd. Getrage Hi-Tech Gears Ltd.
Key Management Personnel (KMP)	Mr. Deep Kapuria, Mr. Pranav Kapuria Mr. Anuj Kapuria
Note: Related parties have been identified by the Management.	

d) Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

Amount (Rs.)

Particulars	Aquarian Fibrecement Pvt. Ltd.	Vulcan Electro Controls Ltd.	Getrage Hi-Tech Gears India Pvt. Ltd.	Hi-Tech Robotic Systems Ltd	Deep Kapuria	Pranav Kapuria	Anuj Kapuria	Total
<b>Nature of Relationship</b>	<b>Associate Company</b>			<b>Key Management Personnel</b>				
Goods Purchased	-	155,363,289 (224,426)	142,679,960 -	-	-	-	-	298,043,248 (224,426)
Sale of Goods	-	563,197 -	289,233,213 (274,014,028)	-	-	-	-	289,796,411 (274,014,028)
Rendering of services	-	18,887,425 (13,056,218)	14,789,581 (1,342,326)	-	-	-	-	33,677,006 (14,398,544)
Receiving of services.	-	288,433,810 (230,873,916)	-	22,677,354 (15,147,386)	-	-	-	311,111,16 (246,021,302)
Rent	14,400,000 (10,800,000)	-	-	-	-	-	-	14,400,000 (10,800,000)
Director's Remuneration	-	-	-	-	25,662,021 (21,739,113)	12,299,078 (13,043,918)	11,547,879 (8,661,234)	49,508,978 (43,444,265)
Sitting fees to other director	-	-	-	-	-	-	(10,000)	- (10,000)
Balances outstanding at the end of the year								
Trade receivables	-	-	(31,360,364)	-	-	-	-	- (31,360,364)
Trade payables	1,203,600 (4,105,400)	24,801,268 (34,647,121)	36,501,531 -	1,888,624 (20,692)	19,394,509 (16,606,349)	10,556,081 (11,996,785)	9,525,302 (7,071,219)	103,870,915 (74,447,566)
<b>Note: Figures in bracket relates to the previous year</b>								

**NOTE '29' – OPERATING LEASE**

The Company has leased facilities under operating leases. The future lease payments in respect these leases as at 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2011 are:

	Amount INR	
	31.03.2012	31.03.2011
a) Not later than one year	11,340,000	18,157,936
b) Later than one year but not later than five years	6,435,000	17,775,000
c) Later than five years	NIL	NIL



**NOTE '30' – EARNINGS PER SHARE (EPS)**

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Face value of Share	Rs. 10/-	Rs. 10/-
A) Weighted average no. of Equity Share a) Basic / Diluted	18,768,000	18,768,000
B) Net profit for the year after prior period expenses	Rs. 421,140,805	Rs. 350,347,515
EPS BASIC / Diluted (B/A)	Rs.22.44	Rs.18.67

**NOTE '31' – DEFERRED TAX (LIABILITY) / ASSET**

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

Deferred tax (liability) / asset	As at 31 March, 2012	As at 31 March 2011
	'	'
<b>Tax effect of items constituting deferred tax liability</b>		
On difference between book balance and tax balance of fixed assets	(149,539,460)	(108,691,215)
<b>Tax effect of items constituting deferred tax liability</b>	<b>(149,539,460)</b>	<b>(108,691,215)</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for compensated absences, gratuity and other employee benefits	17,198,197	
Provision for doubtful debts / advances	4,802,453	
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	9,748,189	6,467,144
<b>Tax effect of items constituting deferred tax assets</b>	<b>31,748,839</b>	<b>6,467,144</b>
<b>Net deferred tax (liability) / asset</b>	<b>(117,790,621)</b>	<b>(102,224,071)</b>

**NOTE '32' – CONTINGENT LIABILITIES & PROVISIONS**

A. Contingent Liabilities not provided for:

- 1) Estimated amount of contracts remaining to be executed on capital accounts Rs. **23,232,458** after adjusting advances (Previous year Rs. **106,830,418**)
- 2) Bank Guarantees issued in favour of Asst./ Dy. Commissioners of Customs for Export Obligation is Rs. **5,654,224** (Previous year Rs. **5,554,000**)

Opening	Released during Year	Fresh Guarantees during the Year	Closing
Rs.5,554,000	Rs. 54,000	Rs.154,224	Rs.5,654,224

3) Disputed statutory demands in appeals as follows:-

S. No.	Particulars	Year	Amount (Rs.)	Pending at Assessing Authority
1	Central Excise Act 1944	2009-2010	445,857	Commissioner (Appeal), CE
2	Central Excise Act 1944	2010-2011	291,171	Commissioner (Appeal), CE
		<b>Total</b>	<b>737,028</b>	

B.

Provisions	Short - Term	
	As at 31 March, 2012	As at 31 March, 2011
	Amount (Rs)	Amount (Rs)
<b>Provision for employee benefits</b>		
(i) Provision for leave benefits	33,343,875	19,469,088
(ii) Provision for Gratuity	26,380,691	24,976,588
(iii) Provision for Bonus	11,290,840	9,007,695
	<b>71,015,406</b>	<b>53,453,371</b>
<b>Other Provisions</b>		
Provision for Income Tax	201,286,029	180,000,000
Provision for Wealth Tax	56,660	25,000
Fair Valuation Loss on Derivatives	1,837,837	1,444,208
	<b>203,180,526</b>	<b>181,469,208</b>
Provision for Proposed Dividend	46,920,000	46,920,000
Provision for Tax on Proposed Dividend	7,611,598	7,774,706
	<b>54,531,598</b>	<b>54,694,706</b>
	<b>328,727,530</b>	<b>289,617,285</b>
<b>Provision for doubtful debts (of Debtors)</b>		
At the beginning of the year	5,168,235	0
Arising during the year	752,213	5,168,235
Utilised during the year	0	0
At the end of the year	5,920,448	5,168,235
<b>Provision for doubtful debts (of Advance to Suppliers)</b>		
At the beginning of the year	12,808,571	0
Arising during the year	0	12,808,571
Utilised during the year	5,044,833	0
At the end of the year	7,763,738	12,808,571

**NOTE '33' – FINANCIAL INSTRUMENTS: RECOGNITION & MEASUREMENT:**

Company is following the principles of Accounting Standard ('AS') 30 "Financial Instruments: Recognition and Measurement" in respect of its derivative financial instruments.

Derivative financial instruments, which qualify for cash flow hedge accounting and where the Company has met all the conditions of effective Cash Flow hedge accounting, are fair valued at March 31, 2012. Consequently Hedging Reserve/ Fair Valuation Loss on Derivative balances is increased to Rs 1,837,837. (Previous Year Rs 1,444,208)



### Details on derivatives instruments and un-hedged foreign currency exposures

I. The following derivative positions are open as at 31 March, 2012. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments.

(a) Forward exchange contracts and options [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March, 2012 : NIL

(ii) Outstanding option contracts entered into by the Company as on 31 March, 2012

Currency	Amount	Buy / Sell	Cross currency
USD	300,000	Sell	Rupees

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

As at 31 March, 2012		As at 31 March, 2011	
Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency	Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency
Rupees	(indicate amount with currency)	Rupees	(indicate amount with currency)
361,479,028	USD 7,153,750.79	165,614,409	USD 3,754,577.40
5,732,350	GBP 71,297.88	4,089,011	GBP 57,836.08
110,147	EURO 1,640.32	-	-
(41,501,317)	USD (802,888.71)	-	-

### **NOTE '34' – LEASEHOLD PROPERTY:**

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

### **NOTE '35' – BALANCE WITH MICRO & SMALL ENTERPRISES:**

Disclosure in pursuance of section 22 of Micro, Small & Medium Enterprises Development Act, 2006, at the year end is as follows:-

a) Refer Note 7

Sr. No.	Particular	Current Year		Previous Year	
		Balance as on 31.03.2012	Interest on Late Payment	Balance as on 31.03.2011	Interest on Late Payment
1	Amount remaining unpaid to suppliers	2,756,721	6,439	3,519,476	-
2	Amount of Interest paid under the Act	-	-	-	-
3	Amount of Interest due and payable for the period	-	6,439	-	-
4	Amount of Interest accrued and unpaid	-	-	-	-
5	Amount of further interest due and payable in succeeding year	-	-	-	-

**NOTE '36' – CIF VALUE OF IMPORT:**

	CURRENT YEAR	PREVIOUS YEAR
	RS 31.03.2012	RS 31.03.2011
<b>VALUE OF IMPORTS CALCULATED ON CIF BASIS</b>		
Consumable Stores & Spare Parts	16,342,474	5,252,134
Capital goods	242,103,939	42,386,886

**NOTE '37' – EXPENDITURE IN FOREIGN CURRENCY:**

	CURRENT YEAR	PREVIOUS YEAR
	RS 31.03.2012	RS 31.03.2011
Foreign Travel Expenses	2,700,173	3,367,403
Training & Seminar	2,811,461	3,649,842
Subscription	1,209	292,251
Technical services	346,637	221,098
E C B Interest	19,318,805	7,599,443
E C B Loan Repayment	-	43,858,250
Professional Services	3,648,416	1,829,118

**NOTE '38' – EARNING IN FOREIGN EXCHANGE:**

	CURRENT YEAR	PREVIOUS YEAR
	RS 31.03.2012	RS 31.03.2011
Exports at F.O.B. Value	1,274,488,673	900,252,501

**NOTE '39' – IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS, STORES & SPARES CONSUMED:**

	IMPORTED		INDIGENOUS	
	CURRENT YEAR 31.03.2012	PREVIOUS YEAR 31.03.2011	CURRENT YEAR 31.03.2012	PREVIOUS YEAR 31.03.2011
STORES & SPARES (VALUES IN Rs)	16,342,474	5,252,134	244,372,322	223,870,563
PERCENTAGE	6.27%	2.29%	93.73%	97.71%
RAW MATERIAL (VALUE IN Rs)	0	0	2,155,257,095	1,765,952,500
PERCENTAGE	0.00%	0.00%	100.00%	100.00%

**NOTE '40' – DIVIDEND PAID TO FOREIGN INVESTOR:**

Amounts remitted in Indian currency during the year on account of dividend	For the year ended 31 March, 2012 Amount (Rs)	For the year ended 31 March, 2011 Amount (Rs)
Amount of dividend remitted in Indian currency	3,044,636	6,141,392
Total number of non-resident shareholders (to whom the dividends were remitted in Indian currency)	102	102
Total number of shares held by them on which dividend was due	1,255,125	2,345,129
Year to which the dividend relates	Final Dividend 2010-11 and Interim Dividend 2011-12	Final Dividend 2009-10 and Interim Dividend 2010-11

**NOTE '41' – RESEARCH AND DEVELOPMENT EXPENDITURE:**

Details of research and development expenditure recognised as an expense	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Employee benefits expense	4,706,535	6,426,528
<b>Total</b>	<b>4,706,535</b>	<b>6,426,528</b>

**NOTE '42'**

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

**NOTE '43'**

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 '44'**

The figures have been rounded off to the nearest rupee.

**NOTE '45' – PREVIOUS YEAR FIGURES:**

During the year 31 March 2012 the revised Schedule VI notified under the Company Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The Revised Schedule VI does not require presentation of a reconciliation explaining the impact of the reclassification of the previous year figures in the financial statements.

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

FOR AND ON BEHALF OF THE BOARD

(CA.KAWAL JAIN)  
PARTNER  
MEMBERSHIP NO. 089214

VIJAY MATHUR  
SR. GM (FINANCE)  
  
S.K.KHATRI  
COMPANY SECRETARY

DEEP KAPURIA  
SANDEEP DINODIA  
ANIL KHANNA  
PRANAV KAPURIA  
ANUJ KAPURIA  
R.C. JAIN  
K C VERMA  
PROSAD DAS GUPTA

EXECUTIVE CHAIRMAN  
DIRECTOR  
DIRECTOR  
MANAGING DIRECTOR  
WHOLE TIME DIRECTOR  
DIRECTOR  
ADDITIONAL DIRECTOR  
ADDITIONAL DIRECTOR

PLACE : NEW DELHI  
DATE : 26-05-2012

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2012**

Particulars	Current Year 31.03.2012 (Rs)	Previous Year 31.03.2011 (Rs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax & Extraordinary Items	625,118,803	526,716,005
Adjustment for:-		
Depreciation	198,228,749	161,870,642
Dividend Income	(6,900)	(16,200)
Interest Expenses	74,139,665	76,152,313
Exchange Fluctuation (unrealised Profit)/ Unrealised Loss	-	2,692,419
Interest Income	(16,294,122)	(2,047,951)
Profit on sale of Assets	2,328,561	(2,807,252)
<b>Operating Profit Before Working Capital Changes</b>	<b>883,514,756</b>	<b>762,559,976</b>
Adjustment for		
(Increase)/ Decrease in Debtors	(394,025,702)	70,015,606
(Increase)/ Decrease in Inventories	(24,323,577)	10,399,709
(Increase)/ Decrease in Other Current Assets, Loans & Advances	(75,976,601)	(22,656,851)
Increase/ (Decrease) in Current Liabilities & Provisions	149,230,276	(126,264,511)
<b>Cash Generated From Operations</b>	<b>538,419,152</b>	<b>694,053,929</b>
Direct Taxes Paid	(208,177,538)	(160,515,463)
<b>Cash Flow Before Extraordinary Items</b>	<b>330,241,614</b>	<b>533,538,466</b>
<b>Net Cash From Operating Activities</b>	<b>330,241,614</b>	<b>533,538,466</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets & CWIP	(657,187,787)	(272,902,111)
Sale of Fixed Assets	1,195,215	20,598,790
Payment out of Reserve	(11,000)	-
Interest Received	16,294,122	2,047,951
Dividend Received	6,900	16,200
<b>Net Cash from Investing Activities</b>	<b>(639,702,550)</b>	<b>(250,239,170)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	118,073,589	288,094,000
Net Proceeds From Short Term Borrowings	226,560,919	(106,141,926)
Repayments of Long Term Borrowings	(47,548,263)	(127,267,754)
Dividend Paid	(98,156,875)	(82,051,119)
Interest paid	(74,139,665)	(76,152,313)
<b>Net Cash used in Financial Activities</b>	<b>124,789,705</b>	<b>(103,519,112)</b>
<b>Net Increase in Cash and Cash Equivalents (A+C+B)</b>	<b>(184,671,231)</b>	<b>179,780,184</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(184,671,231)</b>	<b>179,780,184</b>
<b>Opening Balances</b>	<b>203,648,476</b>	<b>23,868,292</b>
<b>Closing Balances</b>	<b>18,977,245</b>	<b>203,648,476</b>

FOR AND ON BEHALF OF THE BOARD

	DEEP KAPURIA	EXECUTIVE CHAIRMAN
VIJAY MATHUR	SANDEEP DINODIA	DIRECTOR
SR. GM (FINANCE)	ANIL KHANNA	DIRECTOR
	PRANAV KAPURIA	MANAGING DIRECTOR
	ANUJ KAPURIA	WHOLE TIME DIRECTOR
S.K.KHATRI	R.C. JAIN	DIRECTOR
COMPANY SECRETARY	K C VERMA	ADDITIONAL DIRECTOR
	PROSAD DAS GUPTA	ADDITIONAL DIRECTOR

PLACE : NEW DELHI  
DATE : 26-05-2012

Auditor's Report

We have checked the attached cashflow statement of Hi-Tech Gears Ltd for the year ended on March 31, 2012 from the books and records maintained by the company in the ordinary course of business and found in accordance therewith.

Per our report attached  
FOR GUPTA VIGG & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN.NO. 001393N

(CA.KAWAL JAIN)  
PARTNER  
MEMBERSHIP NO. 089214



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

<b>I. Registration Details</b>					
Registration No. 4536	State Code 17				Refer code list)
Balance Sheet Date	31	3	2012		
	Date	Month	Year		II.

<b>CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)</b>				
Public Issue	Nil	Right Issue		Nil
Bonus Issue	Nil	Private Placement		Nil
Conversion	Nil	Warrants		Nil

<b>III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNTS IN THOUSANDS)</b>				
Total Liabilities	3,457,838	Total Assets		3,457,838
<b>Sources of Funds</b>				
Paid up Capital	187,680	Reserves & Surplus		1,370,854
Long term borrowings	410,371	Unsecured Loans		-
Deferred tax liabilities (net)	17,791	Other long term liabilities		-
Short term borrowings	268,908	Trade payables		613,457
Other current liabilities	177,335	Short term provisions		311,442
<b>Application of Funds</b>				
Net Fixed Assets	2,009,798	Non current Investments		41
Long term loans and advances	44,087	Inventories		244690
Trade Receivables	700,823	Cash and Bank Balances		18977
Short term loans and advances	439,423			

<b>IV. PERFORMANCE OF COMPANY</b>				
(Amount in Rs. Thousands)				
Turnover	5,009,822	Total expenditure		4,384,703
Profit/Loss before Tax	625,119	Profit/Loss after Tax		421,141
Earning per share in Rs.	22.44	Dividend rate		45%

<b>V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY</b>				
(As per monetary terms)				
Items Code No. (ITC Code)		8483100000		
Product Description		Gears and Transmission Shafts & Timing Gears.		
Items Code No. (ITC Code)		- N.A.-		
Product Description		- N.A.-		
Items Code No. (ITC Code)		- N.A.-		
Product Description		- N.A.-		

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

FOR AND ON BEHALF OF THE BOARD

	DEEP KAPURIA	EXECUTIVE CHAIRMAN
VIJAY MATHUR	SANDEEP DINODIA	DIRECTOR
SR. GM (FINANCE)	ANIL KHANNA	DIRECTOR
	PRANAV KAPURIA	MANAGING DIRECTOR
	ANUJ KAPURIA	WHOLE TIME DIRECTOR
S.K.KHATRI	R.C. JAIN	DIRECTOR
COMPANY SECRETARY	K C VERMA	ADDITIONAL DIRECTOR
	PROSAD DAS GUPTA	ADDITIONAL DIRECTOR

PLACE : NEW DELHI

DATE : 26-05-2012

## NOTICE

**Notice** is hereby given to the members of Hi-Tech Gears Limited, that the 26th Annual General Meeting of the Company will be held on Friday, the 28th day of September, 2012, at 11:00 am, at the Registered Office of the Company, at A-589, Industrial Complex, Bhiwadi – 301019 (Rajasthan), to transact the following businesses:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2012 and the Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To confirm the interim dividend & to declare the final dividend on equity shares.
3. To appoint a Director in place of Mr. P.C. Mathew who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vinit Taneja who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration.

### SPECIAL BUSINESSES

6. **Appointment of Mr. Krishna Chandra Verma as the Director of the Company.**

**To Consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:-**

**“RESOLVED THAT** Mr. Krishna Chandra Verma, who was appointed as an Additional Director of the Company in the meeting of the Board of Directors held on November 12, 2011 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and the provisions of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 proposing his candidature to the office of the director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. **Appointment of Mr. Prosad Dasgupta as the Director of the Company.**

**To Consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:-**

**“RESOLVED THAT** Mr. Prosad Dasgupta, who was appointed as an Additional Director of the Company in the meeting of the Board of Directors held on February 14, 2012 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and the provisions of the Articles of Association of the

Company and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 proposing his candidature to the office of the director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

**Sd/-**

**S.K. Khatri  
Company Secretary**

**Place : New Delhi  
Date : 8<sup>th</sup> August, 2012**

### NOTES:

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- 2 Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books will remain closed from September 17, 2012 to September 28, 2012 (both days inclusive).
- 3 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 28, 2012. In respect of the shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on September 16, 2012, as per the details to be furnished by the depositories for this purpose.
- 4 Members desiring any information as regards the Accounts are requested to write to the Company at an early date, so as to enable the management to keep the information ready.
- 5 As per the regulations of National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) the Company is obliged to print the bank details on the dividend warrants as furnished by NSDL & CDSL (the Depositories) to the Company and the Company cannot entertain any request for deletion/change of bank details already printed on the dividend warrants as per information received from the concerned depositories. In this regard members are advised to contact their depository participant (DP) and furnish the particulars of any change desired by them and in case they wish to avail ECS facility, then accordingly furnish the details in necessary format to their DP only.
- 6 Pursuant to the provision of Section 205A of the Companies Act, 1956, the amount of dividend which remain unpaid or unclaimed for a period of 7(Seven) years from the date of transfer of the amount to



unpaid dividend account would be transferred to the "Investor Education and Protection Fund (IEPF)" constituted by the Central Government and the shareholders would not be able to make any claims as to the amount of dividend so transferred to the fund from the Company. Thus, the shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company or its RTA (Mass Services Limited) immediately for claiming outstanding dividends declared by the Company for the year 2004-05 and onwards.

- 7 The proposed date for the transfer of unclaimed final dividend by the Company for the year 2004-05 to IEPF is 10th October, 2012.
- 8 Information pursuant to Clause 49 of the Listing Agreement is annexed as Annexure-I hereto with regard to the appointment/re-appointment of the Directors.
- 9 An Explanatory Statement as required under section 173 (2) of the Companies Act, 1956, is annexed hereto with regard to the special businesses.
- 10 Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
- 11 Members who hold shares in the certificate form and wish to make/change in nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, may do so by submitting to the Company the prescribed Form 2B.
- 12 The members are requested to:
  - a. Quote their Folio number while corresponding with the Company.
  - b. Notify any change in their registered address immediately.
- 13 **The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliances by Companies through electronic mode, in pursuant to Section 53 of the Companies Act, 1956. The shareholders can now receive notices and documents through electronic mode by registering their email addresses with the company. Shareholders who have not registered their email address with the Company can now register the same by submitting their request in this regard to M/s. MAS Services Limited or at the Secretarial Department of the Company. The Members holding shares in electronic form are requested to register/update their e-mail addresses with their Depository Participants only. Even after registering for e-communication the Shareholders of the Company are entitled to receive such communication in physical form, upon request.**

## **Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**

### **Item No. 6**

#### **Appointment of Mr. Krishna Chandra Verma as the Director of the Company.**

Mr. Krishna Chandra Verma was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 12<sup>th</sup> November, 2011. He holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956. The Company has received a notice from a member of the Company along with requisite deposit under Section 257 of the Companies Act, 1956 signifying intention to propose appointment of Mr. Krishna Chandra Verma to the office of Director.

A brief resume of Mr. Krishna Chandra Verma, is annexed herewith in Annexure I, mentioning therein qualification, the nature of his expertise in specific functional areas, and the names of the companies in which he holds the position as Director

Yours Directors commend the appointment in the best interest of the Company. Except Mr. Krishna Chandra Verma, no other Director is in any way concerned or interested in this Resolution.

### **Item No. 7**

#### **Appointment of Mr. Prosad Dasgupta as the Director of the Company.**

Mr. Prosad Dasgupta was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 14<sup>th</sup> February, 2012. He holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956. The Company has received a notice from a member of the Company along with requisite deposit under Section 257 of the Companies Act, 1956 signifying intention to propose appointment of Mr. Prosad Dasgupta to the office of Director.

A brief resume of Mr. Prosad Dasgupta, is annexed herewith in Annexure I, mentioning therein qualification, the nature of his expertise in specific functional areas, and the names of the companies in which he holds the position as Director

Yours Directors commend the appointment in the best interest and promotion of the Company. Except Mr. Prosad Dasgupta, no other Director is in any way concerned or interested in this Resolution.

#### **Annexure-I**

Brief particulars of Directors seeking Appointment/Re-appointment pursuant to Clause 49 of the Listing Agreement:

**Mr. Vinit Taneja**, son of Mr. Diwan Chand Taneja, born on October 15, 1957, joined the Company as a Director in the year 2009. He is a Mechanical Engineer from IIT Delhi and possesses Post Graduate Diploma in Management from IIM Calcutta.

He has more than 30 years of experience in sales, supply chain, HR, customer service in reputed organizations like Metal Box, Johnson & Johnson, Gillette and Bharti Airtel

besides his consulting stints in Institute of Quality Limited (IQL) and Prerna. Mr. Taneja headed the major Strategic HR initiatives for Bharti Airtel as their Sr. Vice President, Corporate HR.

Mr. Taneja has been certified by Philip Crosby Associates, UK, to facilitate change management interventions for top management. He also spent over 15 years in facilitation of vision, organization building strategies and culture building interventions across a range of industries.

Mr. Taneja is currently the CEO of Prerna Centre of Learning, an organization engaged in leadership development and change management facilitation for organizations.

He is the Chairman of the Remuneration Committee and member of Investor Grievance Committee of the Company and he is presently not holding the membership of the Board/committee in any other company and holds 5600 equity shares in the company as on the date of notice.

**Mr. P. C. Mathew**, son of Mr. Puthenveetil Chandapilla Mathew aged 62, years is a graduate in Mechanical Engineering from BITS, Pilani and has also attended senior Management programmes at Harvard, INSEAD and Columbia Universities. He joined the Board of Hi-Tech Gears in 2009.

Mr. Mathew has vast experience in the field of Management and Consultancy with special forte in chemical business. He has worked with both Indian and International Companies in different management positions. He started his career with Unilever as Management Trainee and worked for 12 years and held various technical management positions in India and abroad.

Thereafter, for 16 long years he was employed with Bush Boake Allen, a global speciality chemical group. There, he worked in different capacities such as VP (Chemicals) of USA Operations, VP (Planning and Admin.) of UK Operations and Managing Director in Indian Operations. He was the Executive VP of TVS Motors Ltd from 2001 to 2004.

Mr. Mathew has more recently worked as an entrepreneur and is both a consultant and an investor in projects. He is on the Board of Imaginessence Aromas Private Limited and Hi Tech and Associates Limited and does not hold any share (in his name or on behalf of any other person on beneficial basis) in the Company

**Mr. Krishna Chandra Verma**, S/o. Mr. Ram Narain Verma aged 63 years was a meritorious student throughout his academic life. He studied his post graduation from St. Stephen's College, University of Delhi.

He joined the Indian Police Service in 1971 and was selected to join the Intelligence Bureau in 1976. Over the next thirty

years, he served in many states within the country as well as abroad. He headed the Narcotics Control Bureau from late 2005 till 2008. This period saw remarkable drug law enforcement successes. Mr. Verma also led several Indian delegations to bilateral and international conferences.

During 2008, he was Secretary (Security) in the Cabinet Secretariat and supervised the security of the senior most leaders in the country and also functioned as Internal Security Adviser to the Union Home Minister. He retired from Cabinet Secretariat in Dec. 2010 after serving many years in a variety of positions in the Central Government. He is recipient of the Police Medal for Meritorious Service and the President's Police Medal for Distinguished Service.

Mr. Verma has had vast exposure to organisational issues, including planning, personnel, administration and training. He has expertise in crisis management, systemic reforms, calibrated expansion and greater efficiency.

He is not on the Board of any other Company and does not hold any share (in his name or on behalf of any other person on beneficial basis) in the Company.

**Mr. Prosad Dasgupta**, s/o of Mr. Nikhil Ranjan Dasgupta aged 65 years. He is a Fellow member of ICAI and did his articulation from Lovelock & Lewis in 1971.

His key competencies include strategic international partnerships, acquisitions and mergers, leadership developments, managing the larger policy framing environment and interface with various Government Ministries. He has quasi – public sector framework by adapting the best of the public sector practices and private sector efficiencies.

He occupied different positions in his professional life and demonstrated proven track record of excellence. He was the CFO of Essar Tele-holding, and under his guidance the company was listed at NASDAQ. As CFO of Apollo Tyres, he managed the threat of hostile takeover, when the stake of the key promoter stood diluted at only 7%. The position of CFO of Hero Honda was even more challenging, when his team successfully drove out the whole turnaround after the erosion of the 50% of its net worth in 1989.

Mr. Dasgupta joined Petronet-LNG Ltd. as Director (Finance & Commercial) in 2003 and was elevated to Managing Director & CEO in 2005 after a number of achievements to his credit. Under his guidance Petronet-LNG touched new heights and established itself as the first and best successful Private Public Partnership (PPP), before retiring in 2010.

He is presently not holding the membership of the Board/committee in any other company and does not hold any share (in his name or on behalf of any other person on beneficial basis) in the Company



**HI-TECH GEARS LTD.**

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

**ATTENDANCE SLIP**

**26<sup>th</sup> Annual General Meeting, September 28, 2012**

**Hi-Tech Gears Limited**

A-589, Industrial Complex, Bhiwadi-301019, Distt. Alwar (Rajasthan)

Please Complete this Attendance Slip and hand it over at the entrance of the Meeting Hall, Joint shareholders may obtain additional Attendance Slip on request.

Name & Address of the Shareholder(s)

No. of shares held:

Folio No./Client ID\* .....

D.P.ID.....

I hereby record my presence at the 26<sup>th</sup> Annual General Meeting of the Company on Friday, 28<sup>th</sup> day of September 2012, at the Registered Office of the Company at A- 589 Industrial Complex, Bhiwadi – 301019, Rajasthan at 11:00 am.

Signature of the Shareholder(s)/Proxy

**HI-TECH GEARS LTD.**

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

**PROXY FORM**

**26<sup>th</sup> Annual General Meeting, September 28, 2012**

**Hi-Tech Gears Limited**

A-589, Industrial Complex, Bhiwadi – 301019, Distt. Alwar (Rajasthan)

Folio No./Client ID.....

D.P. ID.....

I/We\* .....

Of.....in the district of .....being a member/members\* of Hi-Tech Gears Limited, hereby appoint.....

of.....in the district of.....

or failing him/her\* .....

Of.....in the district of.....as my/our\*

Proxy to attend and vote for me/us\* on my/our\* behalf at the 26th Annual General Meeting of the Company to be held on Friday, the 28<sup>th</sup> day of September, 2012 and/or at any adjournment thereof, at the Registered Office of the Company at 11:00 am.

Signed this.....day of.....2012.

Signature(s).....

Affix Revenue Stamp Rs 1/-

Note: The Proxy, in order to be effective, should be duly stamped, completed and signed, and must be deposited at the registered office of the Company, not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

\*Strike whichever is not applicable.



**हाईटेक गियर्स द्वारा वृक्षारोपण**

एन.ए. बस्करी के प्रवक्तृत्व में, जी.पी.एस. के अध्यक्ष डॉ. एन.ए. बस्करी ने कहा कि हाईटेक गियर्स द्वारा वृक्षारोपण कार्यक्रम का शुभारंभ किया गया।

हाईटेक गियर्स द्वारा वृक्षारोपण कार्यक्रम का शुभारंभ किया गया।

हाईटेक गियर्स द्वारा वृक्षारोपण कार्यक्रम का शुभारंभ किया गया।





## Hi-Tech Gears Limited

14th Floor, Tower-B, Unitech's Millennium Plaza, Sushant Lok-1  
Sector-27, Gurgaon, Haryana - 122 009-01  
[www.hitechgears.com](http://www.hitechgears.com)