

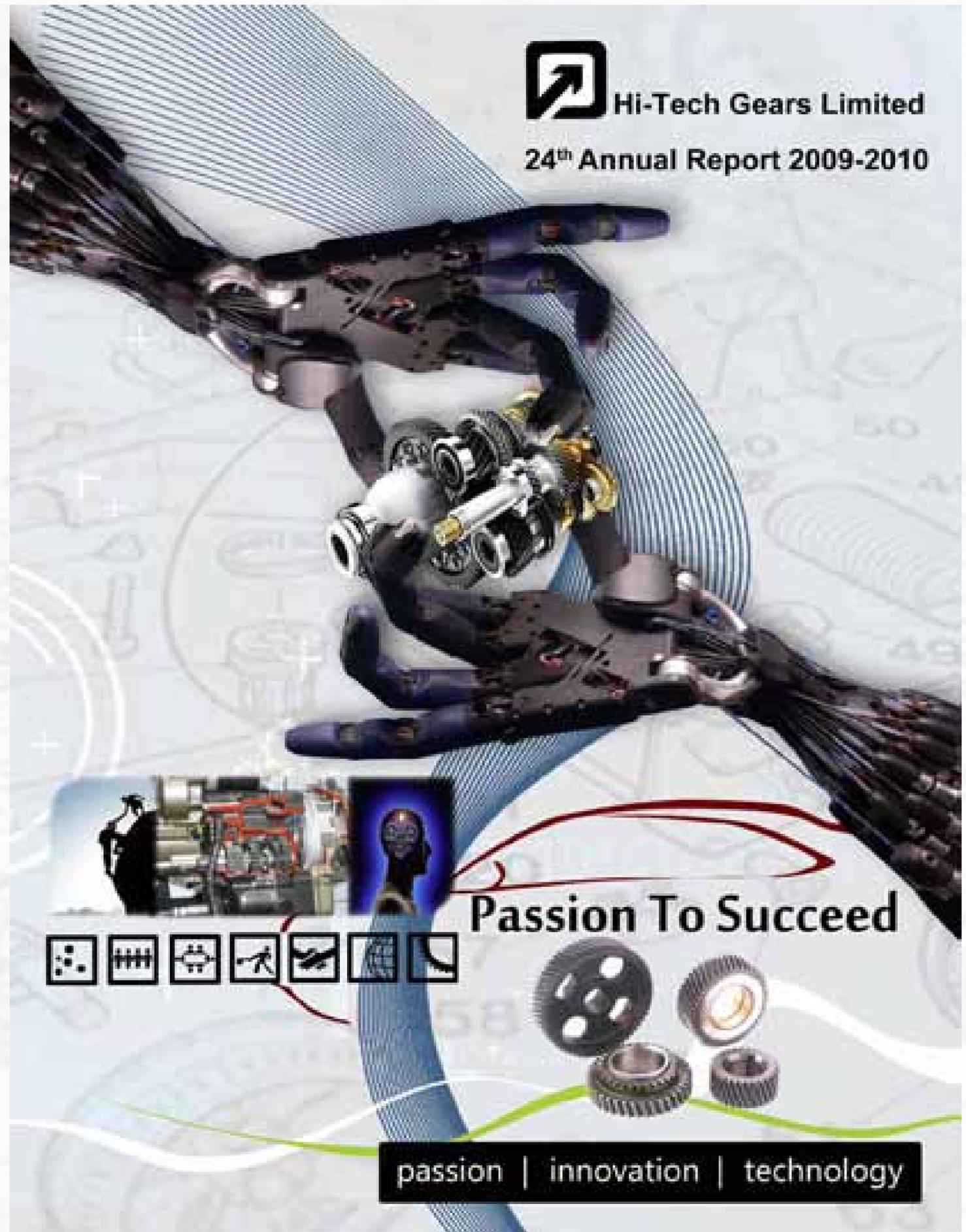
## Hi-Tech Gears Limited

14<sup>th</sup> Floor, Tower-B, Unitech's Millennium Plaza, Sushant Lok-1  
Sector-27, Gurgaon, Haryana-122 002  
[www.hitechgears.com](http://www.hitechgears.com)

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Hi-Tech Gears Limited  
24<sup>th</sup> Annual Report 2009-2010



**Passion To Succeed**



**passion | innovation | technology**

## Corporate Office

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

## Registered Office & Works

A-589, Industrial Complex,  
Bhiwadi- 301019  
Dist. Alwar, (Rajasthan)  
Tel: (01493) 641237-39  
Fax: (01493) 220512

## Plant II:

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

## 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 & Managing Director

**Mr. Anil Khanna**  
Independent Director

**Mr. Sandeep Dinodia**  
Independent Director

**Mr. P.C. Mathew**  
Independent Director

**Mr. Vinit Taneja**  
Independent Director

**Mr. Pranav Kapuria**  
Deputy Managing Director

**Mr. Anuj Kapuria**  
Director

## Senior Executives

**Mr. Sandeep Verma**  
AVP Finance & Accounts ( CFO)

**Mr. Vijay Mathur**  
General Manager (Finance)

## Principal Officer

**Mr. Praveen Jain**  
Head Legal & 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).



# Vision & Mission

Hi-Tech Gears Vision

## “Be A Global Footprint Company and A Benchmark For World Class Manufacturing Systems”

Hi-Tech Gears Mission

“We will be the preferred partner in delivering engineering products and design solutions 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

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.



## Chairman's Message

Dear Shareholders,

When I wrote to you last year the world was in the middle of worst global economic and financial crisis. Since then the global economic scenario improved during the year 2009-10. The triad economies remained stressed. The Chinese and Indian economies, led the world economic recovery, grew by 11.9% and 7.2 % respectively.

The year gone by, exhibited significant stabilization in the global economy and automobile sector as well, despite the global financial crisis. Although the financial markets were volatile, mainly due to uncertainty of the shape of the global recovery, the risks in the global financial markets subsided for the most of the 2009-10. The new structure and the related government-led financial packages, along with market incentives helped the industry to survive this crisis.

In passenger vehicle including car segment, India witnessed growth of 25.57% by sale of 1,949,776 units in the year under review as compared to

1,552,703 units last year in the domestic market. Similarly, Commercial vehicles sales in the year gone by was 531,395 units, as compared to 426,819 last year, registered a growth rate of 38.31% due to faster execution of major infrastructure projects in the country.

The Two-wheeler industry, in India, has also achieved healthy sales of 10,511,415 units during the 2009-2010 as compared to 8,441,793 units in 2008-09 registering a growth of 24.51%. Low excise duties, low interest rates and relatively higher disposable incomes pushed up the demand of the two wheelers.

The export of commercial vehicles registered a moderate growth rate of 5.59% by sale of 45,007 units in the year under review as compare to 42,625 last year. However, two wheeler exports has exceptionally done well and achieved the growth rate of 13.54% by sale of 1,140,184 units in 2009-2010 as compared to 1,004,174 in 2008-09.

The export of cars this year was at 441,710 units as compared to 331,535 last year, registered a healthy growth of 33.23%.

Looking ahead, we see favorable prospects for the Indian economy. Our strong domestic consumption and investment drivers will continue to support healthy rates of growth. The stimulus package of the government and the implementation of the Sixth Pay Commission, which will increase the purchasing power of public sector employee, should boost the demand. We believe the economic recovery, some signs of which are already visible, will gather momentum in the coming months and in the due course see India returning to a high growth trajectory.

The Indian economy has been able to recover faster than its peers due to the combined and timely efforts of the Government of India and Reserve Bank of India. The Indian economy

successfully emerged out of the slow down and has posted a GDP growth of 7.2% in 2009-10 with a future projection of 8.5% growth in 2010-11.

### Future Outlook

With a normal monsoon during the year, the Indian economy is expected to return towards the higher growth path again with expected GDP growth of 8.5% and moderate food inflation which has been a cause of worry during the previous year.

The policies of Government of India are encouraging manufacturing sector as in India 15% of the GDP is contributed by Automobile Industry whereas in China automobile industry contributes 42% of GDP. Hence going forward, the government expects that by 2020 contribution of Automobile Industry to the India GDP should be up to 20%.

Various studies forecast a healthy future of the domestic automobile sector. They depict substantial improvement in the automobile products and markets in the coming years.

### Company Performance

The financial year 2009-2010 has ended on a positive note. Your Company surpassed the previous year turnover and has achieved a net turnover of Rs. 322.69 crores (Previous year 294.77 crores), recording an increase of 9.47%. The Net Profit (After tax) of the Company has increased from Rs. 7.69 cr. to Rs.17.85 crores, recording an increase of 132.02 % as compared to the previous year.

The year under review saw increase in demand of the two wheelers and exports also picked up especially in the last two months of the last financial year. The availability of the credit and improvement in the world economy has resulted in rise in the demand of the automobiles world-

wide. During the year under review your Company has registered marginal growth in the exports of its components, recording a total export turnover of Rs. 48.89 crores as compared to Rs. 48.81crores in the previous year.

In keeping with our philosophy of sharing the gains with our stakeholders, I am pleased to report that the Directors have made recommendation for final dividend to 45% i.e. Rs. 4.50 per equity share as compared to 15% paid last year i.e. Rs. 1.50 per equity share.

We at Hi-Tech Gears have demonstrated a passion to succeed and it is now reflected in our position. This year your company has received two prestigious awards namely "Category-A" TPM excellence award on January 28, 2010 by the JIPM (Japan Institute of Plant Management) and "Shingo Silver medallion" for the operational excellence. Shingo award recognized the highest level of operational excellence in the field of lean manufacturing. This award is one of the most prestigious recognition in the Auto Industry worldwide.

We are in the process of expanding our capacities and plant-III is under execution. It is expected that commercial production would start by end of this year. This plant would cater to the new customers of the company both domestic as well overseas also.

Before I conclude, I would like to thank all our business partners, associates and employees for their continuing belief and faith in Hi-Tech's principles, philosophy and endeavors, and being a part of Hi-Tech's growth story. I would like to assure you all that the journey will continue to be equally exciting and rewarding as we move ahead.

Deep Kapuria  
Chairman & Managing Director

# 1986

## Down the years

Milestones



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



- 1993 Backward Integration into Precision Forgings
- 1995 Selected as single source supplier to Honda Power, Tata Cummins Ltd.
- 1996 Technology Agreement with GETRAG, US
- 1996 Certified as ISO 9002
- 1996 BPR launched
- 1997 Selected as a global source to Cummins, US
- 1998 Certified as QS 9000



- 1999 Separate Division to handle high-end design and CAD services established, under the name of Hi-Tech eSoft.
- 2002 Launched initiative of Lean Manufacturing
- 2003 Certified for Integrated Quality Management Systems
- 2003 Certified for TS 16949
- 2003 Environment Certification ISO 4001 :
- 2003 Occupational Health & Safety Certification OHSAS 18001 : 1999
- 2004 Establishment of Hi-Tech Robotic Systemz
- 2004 Prototyping/ productionising Precision Components for Robert Bosch, GM, Volvo and Daimler Chrysler



- 2005 State-of-the-art Manufacturing Facility set up at Manesar
- 2007 Hi-Tech eSoft (Division of HGL) certified for ISO 9001 : 2000
- 2008 ACMA Export Award 2006-07
- 2008 Setup of Pune Office
- 2009 Excellence Award for Manufacturing and Export



- 2010 TPM Excellence Awards Category A
- 2010 Shingo Silver Medallion.



# 2010



## DIRECTORS REPORTS

Dear Members,

With great pleasure your directors presents their 24<sup>th</sup> Annual Report of your Company together with the audited statement of accounts for the financial year ended on March 31, 2010.

### Financial Results

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

Particulars	(Rs. in lacs)	
	2009-2010	2008-09
Gross Sales	<b>34456.55</b>	32,378.14
Other Income	<b>86.18</b>	129.85
<b>Total Income</b>	<b>34542.73</b>	32507.99
Profits before Depreciation, Interest and Taxes (PBDIT)	<b>4846.94</b>	3324.81
Depreciation	<b>1260.72</b>	1176.51
Profits before Interest and Taxes (PBIT)	<b>3586.22</b>	2148.30
Financial Charges	<b>887.07</b>	996.77
Cash Profit (PBDT)	<b>3963.34</b>	2364.42
Profits before Taxes (PBT)	<b>2699.14</b>	1187.91
Provision for Taxes	<b>913.01</b>	359.32
Profit after tax (PAT)	<b>1785.05</b>	769.36
Balance of profit brought forward	<b>2238.07</b>	2018.43
Dividend	<b>422.28</b>	140.76
Tax on dividend	<b>71.76</b>	23.92
Transfer to General Reserve	<b>200.00</b>	200.00
Balance Surplus in P & L Account	<b>3276.53</b>	2238.07
Earnings Per Share (EPS)	<b>19.00</b>	6.23

### Operations

The financial year 2009-2010 has ended on a positive note. Your Company surpassed the previous year turnover and has achieved a gross turnover of Rs. 34456.55 Lac (Previous year 32,378.14 Lac), recording an increase of 6.41%. The Net Profit (After tax) of the Company has increased from Rs. 769.36 Lac to Rs. 1785.04 Lac, recording an increase of 132.02 % as compared to the previous year.

The year under review saw increase in demand of the two wheelers and exports also picked up specially in the last two months of the financial year. The availability of the credit and improvement in the world economy has resulted in rise in the demand of the automobiles world wide.

### Exports

During the year under review your Company has shown export of its components, recording a total export turnover of Rs. 4889.20 Lac as compared to Rs. 4881.69 Lac in the previous year.

### Dividend

The directors recommend to the shareholders a dividend @ 45% (i.e. Rs. 4.5/- per equity share) for the year 2009-2010. Previous year your Company paid dividend @ 15% (i.e. Rs.1.50/- per equity share).

If the dividend on shares as, recommended by the Board of Directors, is approved by the shareholders in their 24<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 on September 27, 2010 and 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, 2010, as per the details furnished by the depositories for this purpose.

### Electronic Clearing Services (ECS)

As per the circular issued by Securities & Exchange Board of India (SEBI), the 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 option 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 send their ECS mandate to the concerned Depository Participants (DP) in the prescribed form.

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 2009-10, 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 policy, trading window closes for a period of 7 (seven) days, prior to the date of Board Meeting and reopens after passing of 24 hours from 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 price sensitive event 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 Chairman & 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 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, 2010 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.

### Subsidiary Company

The Company had no subsidiary during the financial year 2009-10.

### 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 2010-2011 has been paid within the prescribed time period.

### Dematerialization of the equity shares

98.47% 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 March 31, 2010.

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

### Directors

Mr. Sandeep Dinodia and Mr. Anuj Kapuria, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Board of Directors considers that it would be in the interest of the Company to continue to avail the services of the above Director due to their vast knowledge, experience and ability.



Mr. Deep Kapuria was appointed as Chairman & Managing Director of the Company for a period of 5 (five) years w.e.f. 1<sup>st</sup> January 2007 to 31<sup>st</sup> December 2011, for which approval was duly accorded by the members in their 21<sup>st</sup> Annual General Meeting held on 17<sup>th</sup> September, 2007. Keeping in View the restructuring of the designation among all the working Directors of the Company, your Board of Directors has recommended for the change in the present designation of Mr. Deep Kapuria from Chairman & Managing Director to Chairman & Whole Time Director (designated as Executive Chairman) w.e.f. 05<sup>th</sup> August 2010 to 31<sup>st</sup> December 2011, in their meeting held on 24 day of July 2010, Subject to the approval of shareholders in the ensuing Annual General Meeting.

On the recommendation on Remuneration Committee, Mr. Pranav Kapuria, Deputy Managing Director of the company has been reappointed by the Board of Directors for a period of five years w.e.f. 1<sup>st</sup> August 2010 to 31<sup>st</sup> July 2015 in their meeting held on 15<sup>th</sup> May 2010 subject to the approval of the shareholders. The Board of Directors has also made change in his designation from Deputy Managing Director to Managing Director from 5<sup>th</sup> August 2010 till 31<sup>st</sup> July, 2015, subject to the approval of Shareholders. Further the Board of Directors has also appointed Mr. Anuj Kapuria as Whole Time Director designated as Executive Director w.e.f. 15<sup>th</sup> May 2010 to 14<sup>th</sup> May 2015, subject to the approval of shareholders.

Resolutions for the said appointment/reappointment/restructuring are being included in the notice for the ensuing Annual General Meeting for the approval of shareholders.

#### **Directors Responsibility Statement**

In compliance of Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Board of Directors of your Company confirms:

(i) That the applicable accounting standards have been followed in the preparation of final accounts for the year ended March 31, 2010 and that there are no material departures.

(ii) 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, 2010 and of the profit of the Company for the year ended on that date.

(iii) 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

(iv) That the annual accounts for the year ended March 31, 2010 have been prepared on a going concern basis.

#### **Particulars of the Employees**

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

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

Details of Energy Conservation, Technology Absorption, Research & Development activities undertaken by the Company and foreign exchange earnings and outgo of the Company and other information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988, are given in Annexure-II, to this Report.

Your Company continuously strives for Safety, Environment Management and conservation of resources like fuel, water, gas and power. Your company believes in vision of safety which envisages zero accident policy as the only acceptable standard of performance. Therefore, emphasis is being laid on employing sophisticated techniques which result in conservation of natural resources like energy, fuel etc.

#### **Corporate Governance**

Report on Corporate Governance is attached herewith

in Annexure-III, and the certificate from the Statutory Auditors confirming the compliance of the provisions of Corporate Governance as stipulated in Clause 49 of the listing agreement with the stock exchanges is given in this report.

#### **Management Discussion & Analysis Report**

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 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 its appreciation for the untiring efforts made by the employees of the organisation at every level. The efforts to create a family like atmosphere continued through out the year. Like 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 been largely responsible for the all round improved performance.

#### **Awards and Other Recognitions**

Your directors have pleasure and feel privileged in reporting the award received by the Company during 2009-2010. The Details were given in Annexure -IV.

#### **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.

#### **Acknowledgement**

Your directors place on record their grateful appreciation for the assistance, cooperation and support provided to the Company by Vendors, Customers, Banks & Financial Institutions like Hero Honda Motors Limited, Honda Motorcycle and Scooter Ltd., Honda Sael Cars Ltd., Honda Sael Power Products Ltd., Tata Cummins Ltd., GETRAG Corporation, GETRAG All Wheel Drive, Robert Bosch, State Bank of India, ICICI Bank Limited, Citi Bank, Standard Chartered Bank, State Bank of Bikaner and Jaipur, Bank of Baroda, DBS Bank, YES Bank for their valued support, and hope to continue to receive the same in future.

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 of  
Hi - Tech Gears Limited

Deep Kapuria  
Chairman & Managing Director

Place : New Delhi  
Dated : July 24, 2010



## MANAGEMENT DISCUSSION & ANALYSIS



### MANAGEMENT DISCUSSION AND ANALYSIS FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2010.

#### The Economic Environment

The Year under review started with a positive note with major economies of world recovered from the financial crisis which engulfed entire world last year. Especially Economies of China, India and Brazil staged stronger recovery as compared to rest of the world. The world economy is showing signs of recovery from the serious recessionary effects which had crippled it for greater part of Financial Year 2008-09. This recovery was due to the collective efforts of G20 nations in infusing sufficient liquidity in the financial system.

The 7.2% GDP growth in the Indian economy has been impressive. This recovery is impressive due to the following three reasons:

1. Manufacturing sector growth was more than double; that is 8.9% in 2009-10 as compared to 3.2 percent in 2008-09. (source economic survey)
2. There has been increased gross fixed capital formation, which had

declined significantly in 2008-09. (Source economic survey).

3. There is also a turnaround in the merchandise export growth in the third quarter of 2009-10 which was sustained till the end of financial year under review. As a result of this India's export saw a tremendous growth of 54.1 percent during March 2010 compared to low based growth of (-) 33.1 percent in March 2009. (source FICCI survey)

Infusion of sufficient liquidity in to the economy, through various means like NREGA (National Rural Employment Guarantee Act), implementation of 6<sup>th</sup> pay commission recommendations, waiver of farmer's loans and enactment of procurement prices of farm products resulted in fast paced recovery in the manufacturing and service sector. The effectiveness of these policy measures became evident with the fast paced recovery.

#### Industry & Segment dynamics

Riding on the back of economic growth, easy availability of finance and the continuing fiscal stimulus, the Global auto industry has posted higher sales in the financial year 2009-2010. The strong growth is both in terms of passenger car volumes and the total vehicle sales.

In wake of the recent global financial meltdown especially in Europe, India is fast emerging as a global manufacturing hub for manufacture of small and mid size cars and two wheelers. Rapid increase in sales of small cars segment in India has prompted a number of global automobile industry companies such as Volkswagen, Honda, Toyota and Nissan, etc. to enhance their capacities for domestic as well as export markets. Not only expanding manufacturing base, automotive companies across globe are increasing component sourcing from India for their India and overseas plants.

The Domestic auto industry achieved an all time high sale of 12.2 million units in financial year 2009-10. The strong growth has been from the passenger car volumes, two wheelers and commercial vehicles. This represents a





growth of 25.48% as against 9.7 million units sold in 2008-09.

The Two-wheeler industry has shown a healthy growth of 21.9% during the period under review as compared to 13.2% in 2008-09. Low excise duties, low interest rates and relatively higher disposable incomes pushed up the demand of the two wheelers. Hero Honda Ltd. retained its position of leader in two wheeler market.

#### Export Outlook

The signs of an economic recovery of exports were starting to appear. The exports were increased in line with the growth of the Indian economy. Even though exporters are buffeted by the volatility in the exchange rate and the pressure of rising raw material cost, there is an improvement in the overall export. The appreciating Indian rupee against the two major currencies USD and EURO have become concerns as it impacted their profit margins.

In Auto Component Industry, The overall Export of Automobiles in financial year 2009-10 is 1,804,619 units as compared to 1,530, 594 units in the previous year, showing an increase of 17.90 percent, In case of two wheelers 1,140,184 units were exported in the year under review as compared to 1,004,174 units last year, registering a growth of 13.54 percent. Similarly in case of passenger and commercial vehicles the growth rate is 32.88 percent and 5.58 percent respectively.

#### Financial Analysis

In this encouraging scenario, the Financial performance of the company has also shown an improvement. The net revenues of the Company increased to Rs.322.69 crores as compared to 294.77 crores for 2008-09, registering an increase of 9.47%. The growth was primarily driven by rise in the sales of Hero Honda and exports. The EBITDA for the same period moved up by 45.86% to Rs.48.46 crores from Rs. 33.25 crores in the previous year and the Profit after Tax (PAT) for

the year 2009-10 was at Rs.17.85 crores as compared to Rs. 7.69 crores in the previous year thereby registering an increase of 132.02%.

The Earnings per Share (EPS) stands at Rs.19.00 per equity share in comparison to Rs. 6.23 for the previous year. Keeping in view the financial performance and availability of liquidity, the Board of Directors has recommended dividend of Rs. 4.50 per equity share (i.e. 45% of the paid share capital). The Dividend is payable subject to approval of shareholders in their forthcoming Annual General Meeting.

#### Risks & Outlook

Though the automobile industry has registered strong growth in the year under review, however it still faces lot of uncertainties, in the wake of Euro zone Financial Crisis. For Auto Component industry, the suppliers are facing severe capacity crunch and this is affecting the performance of OEMs. The expected interest rate hike would aggravate the situation further.

To mitigate the above risks, Your Company has got into capacity expansion and it is has decided to set up a new plant in bhiwadi. Upon its completion, this State of the art plant will help company to support its growing in business volumes. The Company however continues to strive to improve its operational performance and develop new components which are technologically superior and meeting the stringent customer standards and norm as a part of its strategy to penetrate new customers, markets and mitigate some of the risks.

#### Sales Performance and profile

The company has successfully navigated through the troubled times. The sales to the major customers have shown a steady rising trend in domestic and export segment. The two wheeler component sales accounted for approx. 60% of the total business and





Hero Honda continues to be our prime customer. During the year the Company has been able to consolidate on its sales with the Domestic customers unlike our export customers as the effect of global financial meltdown.

**Internal Controls and their adequacy**

The Company has a robust internal control and audit system 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 statute as applicable to the Company. Senior members of the leadership team confirm compliance and issue relevant certificates which are relied upon by the Board of Directors. The Company strictly ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines.

**Operational Excellence**

After successful scrutiny of application form and TPM activity Report, HGL Group has undergone First stage assessment audit on 13.06.2009 by JIPM (Japan Institute of Plant Management) auditors from Japan and has successfully cleared the audit, then HGL group has gone through the Final audit of TPM excellence award which was held in November, 2009.

Thereafter, HGL group has been awarded "Category-A" TPM excellence award on January 28, 2010 by the JIPM for Both plants of your company located at Bhiwadi and Manesar. This was made possible due to the total commitment of the management and active participation of all employees of HGL group. HGL group was one of the select group of companies to have achieved this feat. Your company has decided to continue the TPM journey further. and the kick off ceremony for part II was held on 3<sup>rd</sup> March 2010

In December 2009, Manesar Plant underwent an extensive audit by a group of 5 auditors from USA for Shingo Award for operational Excellence. On January 11, 2010, HGL's Manesar plant was awarded the "Shingo Silver Medallion" for operational excellence. This award recognize the highest level of operational excellence in the field of lean manufacturing. Shingo Award is one of the most prestigious recognition in the Auto Industry worldwide. HGL has become the first company outside the North America to get this honour.

HGL was honored by Shingo award in the 22nd Annual Shingo Award Gala which took place on 17-20 May 2010 in the Salt Lake City USA for this achievement.

**Human Resources**

Your company considers human resource to be a valuable asset for the organization and therefore constantly strives to attract and recruit best talent for the current and future needs.

During this year also, the Company continue 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 a 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).





## CORPORATE SOCIAL RESPONSIBILITY



### Disclaimer

This report contains certain statements that the Company believes and may be considered 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.

### Environmental Responsibility

At HGL; "Environmental Conservation" has always been our major concern as it is generally not always aligned with economic goals.

The company is committed to maintaining a healthy environment and ensuring that all employees take an active role in its environmental initiatives wherein prime focus is on 'Bringing-in Awareness towards Environment Protection and Conservation'; 'Natural Resource Management' and 'Plantation Drive'.

### Societal Responsibility

We are of the firm view that the corporate goals must be aligned with the larger societal goals.

HGL has been able to influence society at large in many ways, by encouraging its employees and customers to become socially responsible.

We have adopted several initiatives to fulfill our responsibility to society. These included charity, fund raising for a cause and promoting education.

At our adopted 'Industrial Training Institute' (ITI) at Hatn (Tehsil - Tauru, Distt. - Sohna, Haryana) we have taken up various initiatives pertaining to "Renovation & Upgradation of Infrastructure Facilities" wherein key activities done are 'Establishment of Computer Lab' and 'Upgradation of Trade Workshops'.

### Economic Responsibility

HGL is making strong efforts to contribute to overall economic growth and development in all its locations. The company is playing an active role in providing employment and giving the community opportunities to expand and grow.

HGL has a longstanding commitment to addressing the needs of the society, in view of its belief that for any economic development to be meaningful, the benefits from the business must trickle down to the society at large.





### Annexure – I

Statement of Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, as amended by the Amendment Act, 1988, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forming part of the 24<sup>th</sup> Directors' Report for the financial year ended on March 31, 2010.

#### (a) Employed throughout the year:

Name	Designation	Age	Nature of Employment & other Terms and conditions	Nature of duties	Remuneration on received (Rs.)	Qualification	Exp. (Yrs.)	Date of commencement of Employment	% of equity shares held	Last Employment & Designation
Sh. Deep Kapuria	Chairman & Managing Director	60	Contractual, appointed for a period of 5 years w.e.f. 01.01.2007	Overall control and Policy formulation	149.81 Lacs	BE. (Hons)	37	01-Jan-1987	1,532,886 (16.34%)	Business
Mr. Pranav Kapuria	Deputy Managing Director	34	Contractual, appointed for a period of 5 years w.e.f. 01.08.2005	Overall control of day to day management of the Company	112.23 Lacs	B. Com, MBA	9	01-Aug-2000	394914 (4.21%)	With Hi-Tech Gears Ltd as Director
Mr. A K Verma	Associate Vice President	53	Regular Employee	Managerial Function	28.70 Lacs	B. Sc	30	15-Dec-1988	Nil	LML Limited as Assistant Engineer Metallurgy
Mr. Rajesh Kumar	Associate Vice President	43	Regular Employee	Managerial Function	28.18 lacs	Diploma (production) B.S. Engineering	21	16-Nov-2005	Nil	Denso India Limited as AGM- production Control
Mr. Prashant Joshi	Deputy General Manager	36	Regular Employee	Managerial Function	26.38 Lacs	Advance Diploma in tool Engineering & PGDBA	14	01-june-2005	Nil	PTC, Delhi as Channel development Manager
Mr. S.K. Chatterjee	Associate Vice President	57	Regular Employee	Managerial Function	25.28 Lacs	Diploma ( Mechanical)	36	01-Sept-2000	Nil	Jaldhara small tools Pvt. Limited as plant Manager
Mr. Naveen Sahani	Sr. General Manager	43	Regular Employee	Managerial Function	26.59 Lacs	B.Tech	19.5	12-May-2008	Nil	Subros Ltd. GM

#### (b) Employed for part of the year:

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. Ashish Tandon	Vice President & CFO	50	Regular Employee	Managerial Function	14.87 Lacs	Chartered Accountant	26	09-April-2008	Nil	HEG limited As CFO
Mr. Parveen Katoch	Associate Vice President	43	Regular Employee	Managerial Function	8.26 Lacs	Ex. PG Diploma	20	3-April-2008	Nil	Becton Dickinson India Pvt. Limited as Manager HR
Mr. Sandeep Verma	Associate Vice President	40	Regular Employee	Managerial Function	21.70 Lacs	Chartered Accountant	17	22-June-2009	Nil	Bundy India Ltd.
Mr. Kanwal Jeet Singh	Associate Vice President	44	Regular Employee	Managerial Function	11.96 Lacs	Degree in Electronics & Tele Communication Engineering	21	01-June-2009	Nil	Lear Automotive India(P)Ltd, Plant Manager
Mr. Saikat Bagchi	General Manager	42	Regular Employee	Managerial Function	12.57 Lacs	B.Tech	15	05-December 2009	Nil	Rsb Transmission
*Mr. R K Saxena	HR Head	49	Regular Employee	Managerial Function	13.00 Lacs	Degree in Electronics & Tele Communication Engineering and M.Com	27	01-October-1999	Nil	Indian Air Force Sr.Non Commissioned Officer
*Mr. Prashant Kumar	General Manager	42	Regular Employee	Managerial Function	12.17 Lacs	Degree in Production & Industrial Engg	20	03-October-2008	Nil	Mahindra Sar Transmission (P) Ltd. Sr.General Manager (Operations)

\*Mr. R. K. Saxena and Mr. Prashant Kumar has risen to the desired bracket of Rs. 2.00 Lacs per month w. e. f. October 1, 2009.

Note:

Information has been furnished in respect of employees who were in receipt of remuneration which in aggregate was not less than Rs. 24,00,000 (Rupees twenty four lac only) per annum or was not less than Rs. 2,00,000 (Rupees two lac only) per month Remuneration include salary, allowance/Payments, 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 the Chairman & Managing Director or Deputy Managing 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 and Mr. Pranav Kapuria are related to each other. No other employee is a relative of any Director of the Company.

### Annexure – II

#### A. Conservation of Energy

(i) Energy Conservation at HGL Plant, Manesar  
The Company had taken up conservation of energy as major thrust area by Plant Engineering and Services. Details are hereunder:

- No of projects for Energy Savings -- 5
- No of projects for Waste elimination -- 1
- No of projects for Environment & pollution -- 1
- Total Investments Rs 10.55 lacs per annum
- Total Savings – Rs. 19.30 lacs per annum
- Energy consumption costs reduced from 3.03 % to 2.75 % of net sales as result of energy conservation thrust and related projects

(ii) Energy Conservation at HGL Plant, Bhiwadi  
Hi Tech Gears Ltd has complete focus to save the natural resources, to meet this objective company had taken up a target of 5.2% of energy reduction in terms of sales in year 2009-10. To meet the target various energy saving projects were taken up across the plant including utility section that includes -

- Changing Low rating motors in place of high rating Motors.
- Energy saving from air compressors by reducing unloading time hence saving of 2800 units/month.
- Energy saving through conveyor by running the conveyor during auto cycle only.
- By providing Auto switching off system on machine if machine is running more than 5 minute.

These projects were regularly monitored for effectiveness through Project Management.

Company has started the process of involving every one in Natural resources reduction drive and Many Kaizen on Energy, water and oil saving were done by the team in 2009-10. These initiatives have reduced the cost of energy per ton from 2964 KWH to 2400 KWH. These initiatives were also shared in Green Vendor Development programme of Hero Honda and Hi -Tech Gears Bhiwadi has been awarded by Hero Honda for their outstanding performance in green initiatives implementation.

#### B. Technology Absorption

Efforts made in Technology Absorption:

The steps initiated by the Company for implementation and absorption of Lean Manufacturing are consistently showing encouraging results on the shop floor. Your Company has continuously endeavored to acquire world-class technology both in hardware and software.

These efforts shall ensure that the above said technology and the work culture is dissipated and allowed to percolate down the entire organization.

i). 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.

ii). Benefits derived with the installation of various additional equipment's it has been possible to achieve consistency in production and quality of finished product.

iii). Future Plan of Action

- Reduction in process losses.
- Development of new product.

iv). Expenditure on Research & Development

Development and improvement of products is an inbuilt and ongoing activity within existing manufacturing facilities.

#### C. Foreign Exchange Earnings and Outgo

The details of Foreign Exchange inflow and outflow are as under:-

	(Rs. in lacs)
Inflow	: 4889.20
Outflow	
a) Capital Equipment	: 666.93
b) Others	: 940.66

# Corporate Governance Report

Forming part of 24<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 Governance 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 presently consists of 7 members of which 5 are non-executive Directors. The Company has an executive Chairman and the number of independent Directors are 4 (four). Mr. Deep Kapuria – Chairman & Managing Director is father of Mr. Pranav Kapuria – Deputy Managing Director and Mr. Anuj Kapuria – Director. All the remaining Directors are independent and not related to each others. Mr. Deep Kapuria, Chairman & Managing Director is assisted by Mr. Pranav Kapuria, Deputy Managing Director, who is 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	Designation (as on 31 <sup>st</sup> March 2010)	Category	No. of other Director- ships #	No. of Board Committees position as Member*	No. of Board Committee position as Chairman *
Mr. Deep Kapuria	Chairman & Managing Director	Promoter, Executive	Two	NIL	Two
Mr. Anil Khanna	Director	Independent, Non-Executive	Four	One	One
Mr. Sandeep Dinodia	Director	Independent, Non-Executive	Three	Three	Two
Mr. Pranav Kapuria	Deputy Managing Director	Promoter, Executive	Three	One	None
Mr. Anuj Kapuria	Director	Promoter, Non- Executive	Five	Three	None
Mr. Vinit Taneja	Director	Independent, Non-Executive	NIL	One	None
Mr. P. C. Mathew	Director	Independent, Non-Executive	NIL	NIL	NIL

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

# including all public limited companies, whether listed or not, and excluding private and foreign companies.

## Number of Board Meetings held during the year

During the year under review, the member of the Board have met Five (5) times to review, discuss and decide about the activities of business of the Company. The dates of the meetings are (1) May 23, 2009, (2) July 27, 2009, (3) October 26, 2009 (4) January 20, 2010 and (5) March 29, 2010

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)	Yes
Mr. Sandeep Dinodia	5 (Five)	Yes
Mr. P. C. Mathew	4 (four)	No
Mr. Vinit Taneja	3 (Three)	No
Mr. Pranav Kapuria	5 (Five)	Yes
Mr. Anuj Kapuria	5 (Five)	Yes

## Directors appointment/ reappointment

Mr. Sandeep Dinodia and Mr. Anuj Kapuria, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Mr. Pranav Kapuria was appointed as Deputy Managing Director of the company for a period of five years w.e.f 1<sup>st</sup> August 2010 to 31<sup>st</sup> July 2015, subject to the approval of the shareholders in the ensuing Annual General Meeting.

Mr. Anuj Kapuria was appointed as Whole Time Director of the Company designated as Senior Executive Director for a period of Five Years w.e.f. 15<sup>th</sup> May 2010 to 14<sup>th</sup> May 2015, subject to the approval of the shareholders in the ensuing Annual General Meeting.

Keeping in view the restructuring of the designation of all the working Directors of the Company, the Board of Directors in their meeting held on 24<sup>th</sup> day of July 2010 recommended the change in the designation of Mr. Deep Kapuria, Chairman & Managing Director to Chairman & whole Time Director (designated as Executive Chairman) and Mr. Pranav Kapuria Deputy Managing Director to Managing Director for the remaining period of their tenure of services respectively, subject to the approval of the shareholders in their ensuing Annual General Meeting.

A brief profile of the above Directors proposed to be appointed and re-appointed and the information pursuant to clause 49 VI (A) of the listing Agreement is being annexed to the notice of 24<sup>th</sup> Annual General Meeting.

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

Mr. Anuj Kapuria held 409,688 equity shares and Mr. Vinit Taneja held 1000 equity shares as on 31<sup>st</sup> March, 2010. No other Non-Executive Director held 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 are Independent and one is Promoter, Non- Executive. Two of the members viz., Mr. Sandeep Dinodia and Mr. Anil Khanna 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 Audit Committee and its functioning. The scope of functions of the committee is in line with the listing agreement.

### Composition, Name of Members and Chairman

The Audit Committee consists of the following Directors, two are Independent and one is Promoter, Non- Executive.:

1. Mr. Sandeep Dinodia- Chairman & Member.
2. Mr. Anil Khanna - Member.
3. Mr. Anuj Kapuria - Member.

### Meeting and attendance

The Audit Committee met Five (5) times during the financial year 2009-10 on the following dates (1) May 23, 2009, (2) July 25, 2009, (3) October 26, 2009 (4) January 20, 2010 and (5) March 29, 2010

These meetings were attended by members as detailed below:-

Name of Members	No. of Meetings During the Tenure	No. of Meetings Attended
Mr. Sandeep Dinodia	5	5
Mr. Anil Khanna	5	5
Mr. Anuj Kapuria	4	4

Company Secretary acts as the secretary of the Audit Committee.

## Powers of Audit Committee

Audit Committee shall have following Powers:-

- a. To investigate any activity within its terms of reference;
- b. To seek information from any employee;
- c. To obtain outside legal or other professional advice;
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary.

## Role of Audit Committee

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. 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.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the half yearly and annual financial statements before submission to the Board for approval, with particular reference to:

- a). 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
- b). Changes, if any, in accounting policies and practices and reasons for the same
- c). Major accounting entries involving estimates based on the exercise of judgment by management
- d). Significant adjustments made in the financial statements arising out of audit findings
- e). Compliance with listing and other legal requirements relating to financial statements
- f). Disclosure of any related party transactions
- g). Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

5A. 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.

6. 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.

#### 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 of the Company acts as the secretary of the Remuneration Committee.

##### Composition, Names of Members and Chairman

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

1. Mr. Vinit Taneja- Chairman & Member.
2. Mr. Anil Khanna - Member.
3. Mr. Sandeep Dinodia - Member.

##### Meetings and attendance

The Remuneration Committee met one (1) time during the financial year 2009-10 on July 27, 2009.

This meeting was attended by members as detailed below:-

Name of Members	No. of Meetings During the Tenure	No. of Meetings Attended
Mr. Vinit Taneja	1	1
Mr. Anil Khanna	1	1
Mr. Sandeep Dinodia	1	1

Company Secretary acts as the secretary of the Remuneration Committee.

##### Remuneration policy

The Chairman & Managing Director and the Deputy Managing Director are paid remuneration as approved by the Board of Directors on the recommendation of the remuneration committee. 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 each meeting of the Board and of Audit, Remuneration, and Investor Grievance Committee attended by them.

(a) The details of the remuneration paid to the Managing Director and Deputy Managing Director for the year ended March 31, 2010, are as under: -

Directors	Salary (Rs. in lacs.)	Commission (Rs. in lacs.)	Total (Rs. In lacs.)	Service Contracts (years)
Mr. Deep Kapuria	60.32	91.09	151.42	5 Years
Mr. Pranav Kapuria	22.73	91.09	113.83	5 Years

Note:-

1. Salary includes basic salary, HRA, medical, perquisites and allowances, contribution to provident and other funds.
2. Total Commission is calculated @ 3% of the Net Profit.
3. The remuneration paid to Mr. Deep Kapuria, Chairman & Managing Director is as per the limits approved by the Central Government under Section 269 & 198(4)/ 309(3) and 637AA of the Companies Act, 1956 vide its letter no. 12/243/2007-CL.VII dt. 15.10.2007.

(b) The details of the remuneration paid to the Non-Executive Directors for the year ended March 31, 2010 are as under: -

No.	Name of the Non-Executive Directors	Sitting fees (Rs)
1.	Mr. Anil Khanna	65,000/-
2.	Mr. Sandeep Dinodia	65,000/-
3.	Mr. Anuj Kapuria	45,000/-
4.	Mr. P.C. Mathew	20,000/-
5.	Mr. Vinit Taneja	25,000/-
	<b>Total (Rupees Two lacs twenty Thousands only)</b>	<b>Rs. 2,20,000/-</b>

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

#### 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:

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

The Company secretary acts as the secretary of the Committee.

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

Mr. Praveen Jain, Company Secretary

##### The shareholder complaint received, redressed & pending during the financial year 2009-10 is NIL.

##### Meeting and attendance

The committee met 2(Two) times during the financial year 2009-10 on May 15, 2009 & October 26, 2009. The meeting was attended by members as detailed below:

Name of Members	No. of Meetings During the Tenure	No. of Meetings Attended
Mr. Vinit Taneja	1	1
Mr. Anil Khanna	2	2
Mr. Sandeep Dinodia	2	2

#### VI. Annual General Meeting

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

Financial Year	Date	Time	Venue	No. of Special Resolution (s) Passed
2008-09	September 22, 2009	11.00 A.M.	A-589, Industrial Complex, Bhiwadi - 301019 (Rajasthan)	One
2007-08	September 22, 2008	11.00 A.M.	A-589, Industrial Complex, Bhiwadi - 301019 (Rajasthan)	Nil
2006-07	September 17, 2007	11.00 A.M.	A-589, Industrial Complex, Bhiwadi - 301019 (Rajasthan)	Two

(b) No special resolution was passed by way of postal ballot during the year 2009-2010.

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

(d) Dividend history of last five years

	Financial year	Rate of Dividend	Date of Declaration
1.	2008-2009	Final - 15%	22-09-2009
2.	2007-2008	Final - 30%	22-09-2008
3.	2006-2007	Interim - 15% Final - 10%	14-03-2007 17-09-2007
4.	2005-2006	Final - 25%	11-09-2006
5.	2004-2005	Interim - 25% Final - 12.5%	24-01-2005 05-09-2005



## 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:

### Related Party Transaction (AS-18) for the year 01.04.09 to 31.03.10

(Rs. in Lacs)

Particulars	Aquarian Fibrecement Pvt. Ltd.	Vulcan Electro Controls Ltd.	Getrag Hi-Tech Gears (India) Pvt. Ltd.	Hi-Tech Robotic Systemz Ltd.	Deep Kapuria	Pranav Kapuria	Independent Director & Non Executive Director
Nature of Relationship	Associate Company	Associate Company	Under the same Management	Associate Company	Key Management Personnel	Key Management Personnel	Key Management Personnel
Rent	80.00	0.00	0.00	0.00	0.00	0.00	0.00
Goods Purchased Semi Finished	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Charges for Job Work Services	0.00	120.78	16.21	0.00	0.00	0.00	0.00
Sale of Goods	0.00	0.00	1525.38	0.00	0.00	0.00	0.00
Job work/Services Received	0.00	2469.77	0.00	152.15	0.00	0.00	0.00
Advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchases of Machinery	0.00	0.00	0.00	274.34	0.00	0.00	0.00
Sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Director's Remuneration	0.00	0.00	0.00	0.00	151.42	113.83	0.00
Sitting fees to other Director	0.00	0.00	0.00	0.00	0.00	0.00	0.45
Balance As On 31.03.10 (Recoverable)	0.00	0.00	252.81	0.00	0.00	0.00	0.00
Balance As On 31.03.10 (Payable)	141.59	368.63	0.00	12.62	89.13	99.26	0.00

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 does not have "Whistle Blower Policy" for the time being.

4. 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
<b>I. Board of Directors</b>	<b>49(I)</b>	
(A) Composition of Board	49 (IA)	Complied
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Complied
(C) Other provisions as to Board and Committees	49 (IC)	Complied
(D) Code of Conduct	49 (ID)	Complied
<b>II. Audit Committee</b>	<b>49 (II)</b>	
(A) Qualified & Independent Audit Committee	49 (IIA)	Complied
(B) Meeting of Audit Committee	49 (IIB)	Complied
(C) Powers of Audit Committee	49 (IIC)	Complied
(D) Role of Audit Committee	49 (IID)	Complied
(E) Review of Information by Audit Committee	49 (IIE)	Complied
<b>III. Subsidiary Companies</b>	<b>49 (III)</b>	Not Applicable
<b>IV. Disclosures</b>	<b>49 (IV)</b>	
(A) Basis of related party transactions	49 (IV A)	Complied
(B) Disclosure of Accounting Treatment	49 (IV B)	Complied
(C) Board Disclosures – Risk management	49 (IV C)	Complied
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	Not Applicable
(E) Remuneration of Directors	49 (IV E)	Complied
(F) Management	49 (IV F)	Complied
(G) Shareholders	49 (IV G)	Complied
<b>V. CEO/CFO Certification</b>	<b>49 (V)</b>	Complied
<b>VI. Report on Corporate Governance</b>	<b>49 (VI)</b>	Complied
<b>VII. Compliance</b>	<b>49 (VII)</b>	Complied

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 Board of Directors in their meeting and takes the appropriate measures.

Financial Results	Newspapers	Date of Publication
Audited financial results for the quarter and year ended March 31, 2010.	<ul style="list-style-type: none"> <li>Business Standard</li> <li>Dainik Lokmat</li> </ul>	16.05.2010 16.05.2010
Unaudited financial results for the quarter ended December 31, 2009.	<ul style="list-style-type: none"> <li>Business Standard</li> <li>Dainik Lokmat</li> </ul>	21.01.2010 21.01.2010
Unaudited financial results for the quarter ended September 30, 2009	<ul style="list-style-type: none"> <li>Business Standard</li> <li>Dainik Lokmat</li> </ul>	27.10.2009 27.10.2009
Unaudited financial results for the quarter ended June 30, 2009	<ul style="list-style-type: none"> <li>Business Standard</li> <li>Dainik Lokmat</li> </ul>	28.07.2009 28.07.2009

## 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](http://www.hitechgears.com). As per the requirements of listing agreement, the Company also uploads the same on the corporate filing and dissemination System website of SEBI [www.corpfilings.co.in](http://www.corpfilings.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

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 is forms part of the Director's Report.

7. The Company generally publishes its financial results in the Business Standard (English) and Dainik Lokmat (Hindi).

**IX General Shareholder Information**

**1. Annual General Meeting:**

24<sup>th</sup> Annual General Meeting of the Company will be held on Monday the 27<sup>th</sup> day of September, 2010 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 2009-2010**

Financial Reporting for the	Results were announced on
1 <sup>st</sup> quarter ended June 30, 2009.	July 27, 2009
Financial Reporting for the 2 <sup>nd</sup> quarter and 1 <sup>st</sup> half year ended September 30, 2009.	October 26, 2009
Financial Reporting for the 3 <sup>rd</sup> quarter ended December 31, 2009.	January 20, 2010
Financial Reporting for the 4 <sup>th</sup> quarter and year ended March 31, 2010.	May 15, 2010

**Financial Calendar for 2010-2011**  
(tentative and subject to change)

Financial Reporting for the 1 <sup>st</sup> quarter ended June 30, 2010.	July, 2010 (4 <sup>th</sup> Week)
Financial Reporting for the 2 <sup>nd</sup> quarter and 1 <sup>st</sup> half year ended September 30, 2010.	October, 2010 (4 <sup>th</sup> Week)
Financial Reporting for the 3 <sup>rd</sup> quarter ended December 31, 2010.	January, 2011 (3 <sup>rd</sup> Week)
Financial Reporting for the year ended March 31, 2011.	May, 2011 (4 <sup>th</sup> week)
Annual General Meeting for the year 2009-2010 (not to change)	September 27, 2010

**3. Date of Book Closure**

September 17 to September 27, 2010 (Both days inclusive).

**4. Dividend payment**

Dividend, if declared by the shareholders in the forthcoming Annual General Meeting, shall be paid as Rs.4.50 per share i.e. @45% to those shareholders whose name appears on the Register of members as on September 27, 2010.

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, 2010.

**5. Listing on Stock Exchanges**

As on March 31, 2010 the equity shares of the Company are listed on the following Stock Exchanges:-

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

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

**b) Bombay Stock Exchange Limited (BSE)**

Phiroze Jeejeebhoy Towers,  
25<sup>th</sup> Floor, Dalal Street, Mumbai.

Note: The listing fees for the year 2010-2011 has been paid to the Stock Exchanges within the stipulated time.

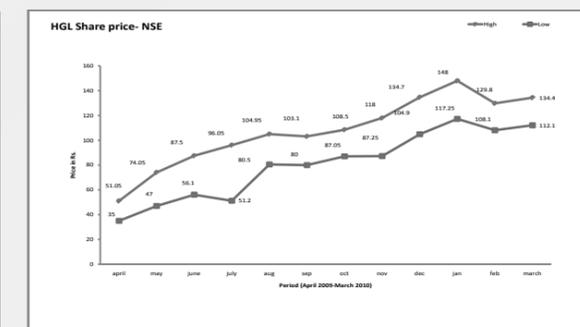
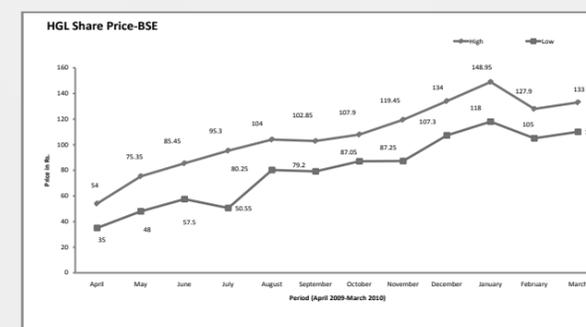
**6. Stock Code**

- a) National Stock Exchange of India Limited (NSE)  
HITECHGEAR
- b) Bombay Stock Exchange Limited (BSE) 522073

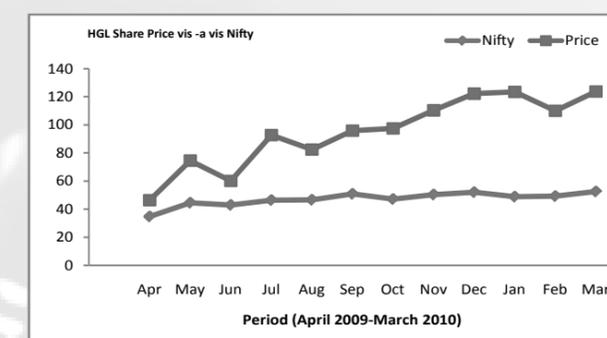
**7. Market Price Data**

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.)		Volume (Nos.)	Share Price (Rs.)		Volume (Nos.)
2009-2010	High	Low		High	Low	
April	54	35	25847	51.05	35	8161
May	75.35	48	25677	74.05	47	10895
June	85.45	57.5	142963	87.5	56.1	115811
July	95.3	50.55	58260	96.05	51.2	76596
August	104	80.25	41556	104.95	80.5	79544
September	102.85	79.2	31087	103.1	80	39078
October	107.9	87.05	72141	108.5	87.05	68004
November	119.45	87.25	70388	118	87.25	57588
December	134	107.30	65807	134.7	104.9	61012
January	148	118	158741	148	117.25	182171
February	127	105	54355	129.8	108.1	27452
March	133	110.05	294352	134.4	112.1	41989



**8. Performance in comparison to Broad Based Indices:-**



**9. Registrar and Share Transfer Agent**

MAS Services Limited, New Delhi had appointed as 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  
Email: 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)

**10. 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 dematerialisation 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 is 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.



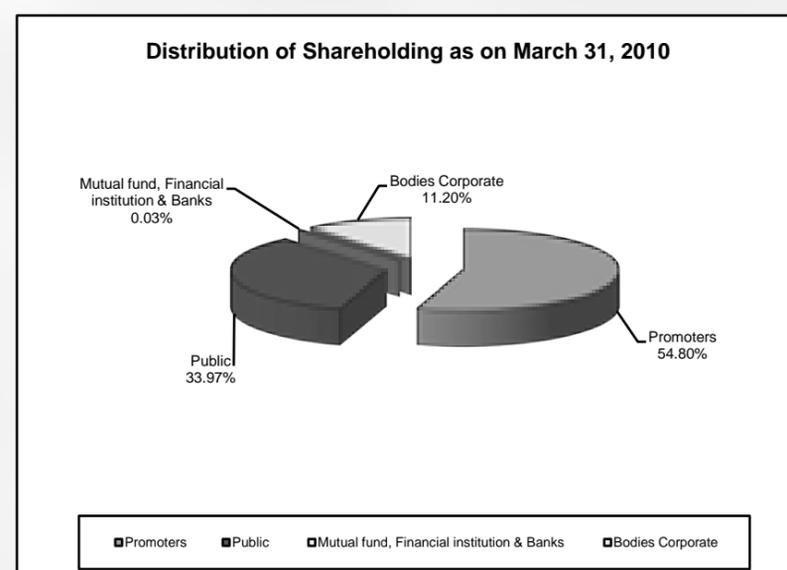
### 11. (a) Distribution of shareholding

As on March 31, 2010 the distribution of shareholding was as follows:

Shareholding of nominal value in Rs.	Shareholding		Shareholders	
	No. of Shares	Number	%	%
Upto 5000	347497	2339	81.413	3.703
5001 to 10000	184014	234	8.145	1.961
10001 to 20000	191025	127	4.420	2.036
20001 to 30000	88139	35	1.218	0.939
30001 to 40000	124971	33	1.149	1.332
40001 to 50000	70401	15	0.522	0.750
50001 to 100000	247338	35	1.218	2.636
100001 and above	8130615	55	1.914	86.643
<b>Total</b>	<b>9384000</b>	<b>2873</b>	<b>100.000</b>	<b>100.000</b>

### (b) Category wise shareholding as on March 31, 2010:

Category	No. of shares held	% of shareholding
Promoters & Promoter Group	5141986	54.796
Mutual funds	400	0.004
Banks, Financial institutions, Insurance companies	2000	0.021
Foreign Institutional Investor	Nil	Nil
Private Corporate Bodies	1050711	11.197
Indian Public	2277088	24.266
Non Resident Indians/ Overseas Corporate Bodies	882384	9.403
Clearing Member	29431	0.314
<b>Grand Total</b>	<b>9384000</b>	<b>100.00</b>



### 12. (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, 2010 is given hereunder:

Particulars	As on March 31, 2010	
	No. of Shares	Percentage
<b>No. of Shares dematerialized</b>		
-NSDL	8805549	93.84
-CDSL	434467	4.63
<b>No. of shares in physical form</b>	143984	1.53
<b>Total</b>	<b>9384000</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 during the year 2009-2010 is given below:-

	NSE	BSE
No of Shares	3311.64	4411.75
Value (in Rs.)	337168.10	454559.66

### 13. 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.

### 14. Plant Locations

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

#### a. Bhiwadi Plant

A-589, Industrial Complex, Bhiwadi, District Alwar, Rajasthan – 301019.

#### b. Manesar Plant

Plot No. 24, 25 & 26, Sector 7, IMT Manesar, Gurgaon, Haryana- 122050.

### 15. Address for correspondence

- a. Transfer/dematerialization of shares and any other queries relating to Shares
- : MAS Services Limited**  
(Unit : Hi-Tech Gears Limited)  
T-34, 2nd Floor, Okhla Industrial Area, Phase -II,  
New Delhi - 110020.  
Ph. : 011 - 26387281, 82, 83  
Fax : 011 -26387384  
Web site: [www.masserv.com](http://www.masserv.com)  
Email: [info@masserv.com](mailto:info@masserv.com)

- b. Payment of dividend on Shares and any other queries relating to Annual Report and other
- : Mr. Praveen Jain  
Company Secretary,  
14<sup>th</sup> Floor, Millennium Plaza,  
Tower – B, Sector 27, Sushant Lok-I, Gurgaon,  
Haryana – 122002.  
Phone Nos. 91-124- 4715100  
Fax No. 91-124- 2806085  
Email: [secretarial@hitechgears.com](mailto:secretarial@hitechgears.com)

### 16. 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 Chairman & CEO regarding compliance with the Code of Conduct by all the Directors and Senior Management is given along with this report.

### 17. CEO/CFO Certification

In terms of Clause 49 of the Listing Agreement, the certification by the CEO and CFO on the financial statements and internal controls relating to financial reporting has been obtained, and placed before the Board, in their meeting held on May 15, 2010. A copy of the same certificate dated 10.5.2010 is given along with this report.

### 18. 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. Praveen Jain, Company Secretary has been designated as Compliance Officer for this purpose. Employees of the Company have affirmed compliances with the Insider Trade Code.

### 19. 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 2009-2010

For and on behalf of the Board of  
**Hi - Tech Gears Limited**

Place : New Delhi  
Dated: July 24, 2010

Deep Kapuria  
Chairman & Managing Director

### CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
Hi-Tech Gears Limited, Bhiwadi.

We have examined the compliance of the conditions of Corporate Governance by Hi-Tech Gears Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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 & COMPANY  
Chartered Accountants

Place : New Delhi  
Date : May 15, 2010

Kawal Jain  
Partner  
Membership No. 89214  
FRN: 001393N

### COMPLIANCE WITH CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

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

I, Deep Kapuria, Chairman & Managing Director of the Company hereby certify that the Board of Directors and the Senior Management Personnel have affirmed compliance of the Code of Conduct of the Company for the Financial year 2009-2010.

For Hi-Tech Gears Ltd  
Deep Kapuria  
Chairman & Managing Director

Place: New Delhi  
Date: March 31, 2010

### CERTIFICATION BY CEO & CFO

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

Ref: Certification by CEO/CFO for Financial Year 2009 -10.

We, the undersigned, in our respective capacities as Chief Executive Officer and AVP Head (Finance & Accounts) (CFO) 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 2009-2010 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.

Place : New Delhi  
Date : May 10, 2010

For Hi-Tech Gears Limited  
Sandeep Verma  
AVP Head (Finance & Accounts) (CFO)

For Hi-Tech Gears Limited  
Deep Kapuria  
Chief Executive Officer

**Annexure – IV**  
**Awards and Other Recognitions**

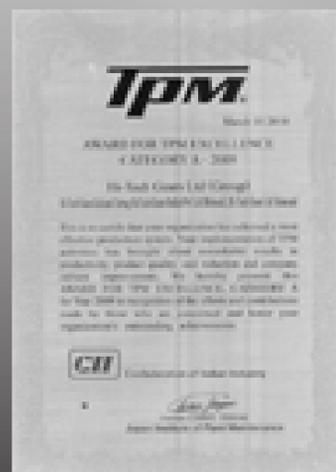


**2<sup>nd</sup> POSITION IN ANCILLARIES**  
NEW HERO HONDA CIRCLES  
GURGAON PLANT  
WINTER CONVENTION

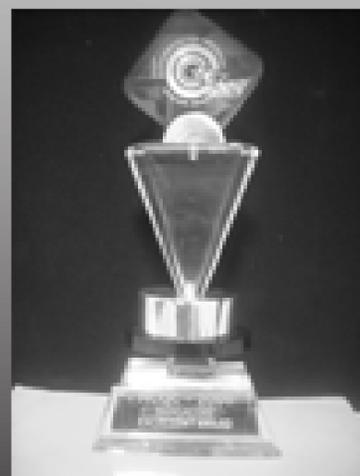


**SHINGO SILVER MEDALLION FOR OPERATION EXCELLENCE**  
SHINGO PRIZE ORGANIZING COMMITTEE,  
SALT LAKE CITY, UT

**EXCELLENT TROPHY**  
QUALITY CIRCLE FORUM OF  
INDIA, BANGLORE



**TPM EXCELLENCE AWARD (Category A)**  
JAPAN INSTITUTE OF PLANT MAINTAINCE  
(JIPM), JAPAN



**EXCELLENT TROPHY**  
QUALITY CIRCLE FORUM OF INDIA  
BANGLORE

## 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 31<sup>st</sup> March 2010 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 "A" 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 Corporation, 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 31<sup>st</sup> March 2010 and taken on record by the board of Director, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2010 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 as contained in Schedule 17 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, 2010.
- (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

(CA. KAWAL JAIN)

PARTNER

Place : New Delhi  
Dated : May 15, 2010

Membership No.089214  
FRN-001393N



**ANNEXURE "A" REFERRED TO IN PARAGRAPH '4' OF THE AUDITORS' REPORT ON THE ACCOUNTS OF HI-TECH GEARS LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010.**

(I) (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of all fixed assets.

(b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification except for furniture and fixtures and office equipments which, in our opinion, is reasonable having regard to the size of the Corporation and nature of its assets. No material discrepancies were noticed on such verification.

(c) No substantial part of Fixed Asset has been disposed off during the year.

II) (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(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.

(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.

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.

(b) The company has not taken 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) (f) and Clause 4 (iii) (g) is not applicable.

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 Corporation 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.

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.

(b) Based on our audit procedure and according to information and explanation given to us by the management, we are of the opinion that the transaction made in pursuance of contracts and arrangements entered in the registered maintained under section 301 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

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.

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.

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.

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, 2010 for a period of more than six months, from the date they became payable.

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

Nature of Statute	Nature of Dues	Year	Amount in Rs.	Form where dispute is pending
Dy. Commissioner of Commercial Taxes	Sales Tax	2009-10	745283.00	Commissioner Appeal, Ranchi Division, Jharkhand

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) 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

(CA. KAWAL JAIN)

PARTNER

Place : New Delhi

Dated : May 15, 2010

Membership No.089214

FRN-001393N

## Balance Sheet

AS AT 31<sup>ST</sup> MARCH, 2010

	Schedule No.	Current Year 31.03.2010 (Rs)	Previous Year 31.03.2009 (Rs)
<b>SOURCES OF FUNDS</b>			
<b>A. Shareholders' Funds</b>			
(i) Share Capital	1	93,840,000	93,840,000
(ii) Reserves & Surplus	2	890,512,993	670,965,216
<b>B. Loan Funds :</b>	3	485,924,351	653,788,484
<b>C. Deferred Tax Liability</b>	3a	105,952,242	97,151,011
		<u>1,576,229,586</u>	<u>1,515,744,711</u>
<b>APPLICATION OF FUNDS</b>			
<b>A. Fixed Assets :</b>			
Gross Block	4	2,318,979,919	2,169,809,410
Less : Depreciation		896,238,479	772,061,098
Net Block		1,422,741,440	1,397,748,312
Capital Work In Progress	5	52,870,569	50,337,979
<b>B. Investments</b>	6	40,500	40,500
<b>C. Current Assets, Loans &amp; Advances</b>			
i) Inventories	7	230,766,404	278,025,502
ii) Sundry Debtors	8	379,706,490	269,874,756
iii) Cash & Bank Balances	9	23,868,292	7,033,571
iv) Loans & Advances	10	287,664,846	248,613,451
		922,006,032	803,547,280
<b>D. Less Current Liabilities &amp; Provisions</b>	11	821,428,955	735,929,360
Net Current Assets		100,577,077	67,617,920
		<u>1,576,229,586</u>	<u>1,515,744,711</u>
<b>NOTES TO ACCOUNTS</b>	17		

PER OUR REPORT OF EVEN DATE ATTACHED FOR GUPTA VIGG & CO. CHARTERED ACCOUNTANTS

CA. KAWAL JAIN  
Partner  
M.NO. 89214  
FRN - 001393N

Place : New Delhi  
Dated : May 15, 2010

**For and on behalf of the Board of Directors**

Deep Kapuria	Chairman & Managing Director
Sandeep Dinodia	Director
Vinit Taneja	Director
P.C. Mathew	Director
Anil Khanna	Director
Pranav Kapuria	Dy. Managing Director
Anuj Kapuria	Director
Sandeep Verma	AVP Finance & Accounts ( CFO)
Praveen Jain	Head Legal & Company Secretary

## Profit & Loss Account

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

	Schedule No.	Current Year 31.03.2010 (Rs)	Previous Year 31.03.2009 (Rs)
<b>INCOME</b>			
Gross Operating Income	12	3,445,655,090	3,237,813,533
Less Excise Duty		218,668,438	290,049,973
Other Income	13	8,618,958	12,984,839
		<u>3,235,605,610</u>	<u>2,960,748,400</u>
<b>EXPENDITURE</b>			
Manufacturing Expenses	14	2,180,767,552	2,109,517,498
Other Expenses	15	570,143,682	515,112,087
Financial Expenses	16	88,707,678	99,676,801
Depreciation		126,072,693	117,650,546
<b>Profit For The Year Before Tax</b>		269,914,005	118,791,467
Provision For Taxation		82,500,000	36,131,532
Provision For Deferred Tax		8,801,231	(3,519,761)
Provision For Wealth -Tax		-	20,000
Provision For FBT		-	3,300,000
Income Tax for earlier years		107,830	5,923,577
<b>Net Profit After Tax</b>		178,504,944	76,936,120
Less: Prior Period Expenses		254,465	18,503,417
Balance of profit brought forward		223,807,253	201,842,766
Balance available for appropriation		<u>402,057,732</u>	<u>260,275,469</u>
<b>APPROPRIATIONS</b>			
Provision For Dividend		42,228,000	14,076,000
Corporate Dividend Tax		7,176,649	2,392,216
Transferred to Corporate Social Responsibility Fund		5,000,000	0
Transferred to General Reserve		20,000,000	20,000,000
<b>Balance Carried over to Balance Sheet</b>		<u>327,653,083</u>	<u>223,807,253</u>
		<u>402,057,732</u>	<u>260,275,469</u>
Earning Per Share (Equity share par value Rs. 10/- each) (There is no change in equity during the year, Hence Basic and Diluted EPS are same)		19.00	6.23
No. of equity shares considered for comparing E.P.S.		9,384,000	9,384,000
<b>NOTES TO ACCOUNTS</b>	17		

PER OUR REPORT OF EVEN DATE ATTACHED FOR GUPTA VIGG & CO. CHARTERED ACCOUNTANTS

CA. KAWAL JAIN  
Partner  
M.NO. 89214  
FRN - 001393N

Place : New Delhi  
Dated : May 15, 2010

**For and on behalf of the Board of Directors**

Deep Kapuria	Chairman & Managing Director
Sandeep Dinodia	Director
Vinit Taneja	Director
P.C. Mathew	Director
Anil Khanna	Director
Pranav Kapuria	Dy. Managing Director
Anuj Kapuria	Director
Sandeep Verma	AVP Finance & Accounts ( CFO)
Praveen Jain	Head Legal & Company Secretary



# Schedules

## TO THE ACCOUNTS FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT

### SCHEDULE 1: SHARE CAPITAL

	Current Year 31.03.2010 (Rs)	Previous Year 31.03.2009 (Rs)
<b>A) AUTHORISED :</b>	<b>100,000,000</b>	100,000,000
10,000,000 Equity Shares of Rs. 10/- Each (Previous Year -10,000,000 Equity Shares)		
<b>B) ISSUED, SUBSCRIBED AND PAIDUP :</b>	<b>93,840,000</b>	93,840,000
9,384,000 (Previous Year 9,384,000) Equity Shares of Rs 10/- Each Fully Paid Up		
	<b>93,840,000</b>	93,840,000

### SCHEDULE 2: RESERVES & SURPLUS

	As at 1 <sup>st</sup> April, 2009	Additions	Sub-Total	Deductions	As at 31 <sup>st</sup> March, 2010
<b>CAPITAL RESERVES</b>					
Central Investment Subsidy	1,500,000		1,500,000	-	<b>1,500,000</b>
State Capital Investment Subsidy	1,500,000	5,346,000	6,846,000	-	<b>6,846,000</b>
Revaluation Reserve - Land	317,301,647		317,301,647	-	<b>317,301,647</b>
<b>REVENUE RESERVES</b>					
General Reserve	218,927,991	20,000,000	238,927,991	-	<b>238,927,991</b>
Surplus-Being Balance in Profit & Loss Account	223,807,253	103,845,830	327,653,083	-	<b>327,653,083</b>
Corporate Social Responsibility Fund	0	5,000,000	5,000,000	-	<b>5,000,000</b>
Hedging Reserve ( refer Note No.12 in Schedule 17 - Notes to Accounts)	(92,071,675)	85,355,947	(6,715,728)	-	<b>(6,715,728)</b>
<b>TOTAL</b>	<b>670,965,216</b>	<b>219,547,777</b>	<b>890,512,993</b>	-	<b>890,512,993</b>

### SCHEDULE 3: LOAN FUNDS

#### 1. SECURED LOANS

##### FROM BANKS & FINANCIAL INSTITUTIONS

##### A) Term Loans

	Current Year 31.03.2010 (Rs)	Previous Year 31.03.2009 (Rs)
(i) ICICI Bank Limited	0	13,750,000
(ii) Standard Chartered Bank	0	11,250,000
(iii) ICICI ECB Loan( USD750,000, Previous Year USD 2,250,000)	<b>34,282,500</b>	114,187,500
(iv) SCB ECB Loan (USD200,000 , Previous Year USD 400,000)	<b>9,142,000</b>	20,300,000
(v) State Bank of India	<b>78,880,000</b>	127,427,238
(vi) Yes Bank Ltd	<b>81,250,000</b>	100,000,000
(vii) DBS ECB \$4.5 Mn.(USD 2,500,000, Previous Year -Nil)	<b>114,275,000</b>	-

##### B) Working Capital Loans

(i) ICICI Bank Limited	0	1,349,992
(ii) Citi Bank -Packing Credit(USD-216,524.75 Previous Year-USD 810,937.55)	<b>9,897,347</b>	41,155,073
(iii) Citi Bank -N.A.	<b>86,539,971</b>	27,078,299
(iv) State Bank of India	<b>23,973,278</b>	70,554,392
(v) Standard Chartered Bank	<b>28,078,864</b>	85,872,277

##### C) Other Loans -(Medium Term)

##### From Banks

ICICI Bank Limited	<b>608,858</b>	3,631,738
HDFC Bank Ltd	<b>381,542</b>	0

#### 2. UNSECURED LOANS

(Sales Tax Deferment)

<b>18,614,991</b>	37,231,975
<b>485,924,351</b>	653,788,484

- A. Term Loans from ICICI Bank Ltd , Standard Chartered Bank , State Bank of India , DBS Bank and Yes Bank Ltd. are secured by way of first pari-pasu charge/mortgage in respect of Company's movable & immovable properties, both present and future , and the title deeds more particularly in respect of Plot No. A-589, Industrial Complex, Bhiwadi, Rajasthan-301019, were deposited with ICICI Bank , acting for itself and as agent of other lenders and also secured by way of second pari-passu charge on assets referred in para "B " below
- B. Working Capital loans from Banks are secured by way of pari-passu charge on all present and future current assets e.g. stocks -Raw Material , Work in Progress , Finished Goods etc .and book debts of the company and also secured by way of second pari-passu charge on assets referred in para "A " above.
- C. Other loans from banks are secured against hypothecation of vehicles .

### SCHEDULE 3a DEFERRED TAX LIABILITY

Balance As Per Last Balance Sheet	<b>97,151,011</b>	100,670,772
Provision For The Year	<b>8,801,231</b>	(3,519,761)
	<b>105,952,242</b>	97,151,011

### SCHEDULE 4 : FIXED ASSETS

(Amount in Rs.)

NAME OF ASSETS	Gross Block					Depreciation				Net Block	
	COST AS ON 01.04.2009	Additions During the Year	Deletions During the Year	AS-11 Impact- Deletion	Total as on 31.03.2010	Depreciation as on 01.04.2009	Provided During the Year	Written Back During the Year	Total Dep as on 31.03.2010	W.D.V. as on 31.03.2010	W.D.V. as on 31.03.2009
A INVESTMENT IN TENANCY RIGHT	351,950	0	0	0	351,950	0	0	0	0	351,950	351,950
B LAND	381,309,582	9,179,076	0	0	390,488,658	0	0	0	0	390,488,658	38,13,09,582
C (i) BUILDING	165,642,510	1,438,274	0	0	167,080,784	2,84,12,763	4,847,848	0	33,260,611	133,820,173	137,229,353
(ii) RESIDENTIAL FLATS	5,755,011	0	0	0	5,755,011	8,95,215	93,807	0	989,022	4,765,989	4,859,796
D PLANT & MACHINERY	1,490,858,644	108,181,049	934,210	10,376,408	1,587,729,075	66,60,79,455	106,874,006	498,312	772,455,149	815,273,926	824,779,583
E FURNITURE & FIXTURE	21,113,117	440,510	0	0	21,553,627	85,70,002	2,320,913	0	10,890,916	10,662,711	12,543,115
F OFFICE EQUIPMENTS	78,851,704	42,779,040	74,894	0	121,555,850	5,12,22,467	9,606,412	23,514	60,805,365	60,750,485	27,629,237
G VEHICLES	25,926,892	639,798	2,101,726	0	24,464,964	1,68,81,197	2,329,707	1,373,486	17,837,418	6,627,546	9,045,696
GRAND TOTAL (A+B+C+D+E+F+G)	2,169,809,410	162,657,747	3,110,830	10,376,408	2,318,979,919	772,061,099	126,072,693	1,895,312	896,238,480	1,422,741,440	1,397,748,312
PREVIOUS YEAR	2,104,093,398	68,738,733	3,022,721	0	2,169,809,410	657,257,149	117,650,546	2,846,597	772,061,098	1,397,748,312	



	Current Year 31.03.2010 (Rs)	Previous Year 31.03.2009 (Rs)
<b>SCHEDULE 5: CAPITAL WORK IN PROGRESS</b>		
Machinery Under Erection	35,835,036	43,037,859
Building under construction	5,319,433	-
Pre-Operative Expenses (Pending Allocation)		
Salary & Wages	7,212,431	6,204,146
Travelling Expenses	393,972	393,972
Professional charges	695,340	-
Bank charges , Intt. & commission	3,688,287	-
Profit on exchange rate fluctuation	(280,592)	-
Other Expenses	6,662	-
	<u>11,716,100</u>	<u>702,002</u>
	<u>52,870,569</u>	<u>50,337,979</u>
<b>SCHEDULE 6: INVESTMENTS</b>		
(Long Term - Not Under The Same Management)		
Non Trade (At Cost)		
Quoted		
750 Shares of Rs. 10/- Each Fully Paid Up of State Bank Of Bikaner & Jaipur (Previous Year 75 shares of Rs. 100 each, Bank's equity splitted from Rs. 100/- each into Rs. 10/- each on 20.10.2008) Market Value Rs. 335100/- , (Previous Year Rs. 147112.)	40,500	40,500
	<u>40,500</u>	<u>40,500</u>
<b>SCHEDULE 7: INVENTORIES</b>		
(At Cost Or Market Price Whichever Is Lower As Valued And Certified By The Management)		
Goods In Transit	4,636,622	268,199
Stores, Spares & Loose Tools (At Cost)	48,311,029	45,461,873
Stock In Trade	119,514,241	149,122,174
Work In Progress (At Cost)	58,304,512	83,173,256
	<u>230,766,404</u>	<u>278,025,502</u>
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
(Unsecured Considered Good Unless Otherwise Stated)		
A) Debts Outstanding For A Period Exceeding Six Months	20,300,944	9,806,102
B) Other Debts	359,405,546	260,068,654
	<u>379,706,490</u>	<u>269,874,755</u>
<b>SCHEDULE 9: CASH &amp; BANK BALANCES</b>		
(i) Cash in Hand	170,011	227,431
(ii) Balances With Scheduled Banks		
In Current Accounts	13,410,120	3,901,763
In EEFC Accounts (GBP-54 USD- 54689, Previous Year GBP 54 USD 521)	2,463,426	30,372
In Unpaid Dividend Accounts	543,669	655,324
In Margin Money Against Letter of Credit & Bank Guarantees	7,281,066	2,218,681
	<u>23,868,292</u>	<u>7,033,571</u>

	Current Year 31.03.2010 (Rs)	Previous Year 31.03.2009 (Rs)
<b>SCHEDULE 10: LOANS &amp; ADVANCES</b>		
Unsecured Considered Good Unless Otherwise Stated		
a) Advances Recoverable In Cash or In Kind or for value to be received	177,572,280	185,556,239
b) Security Deposits	21,089,061	20,898,160
c) Advance Tax/Tax Deducted At Source	89,003,505	42,159,051
	<u>287,664,846</u>	<u>248,613,451</u>
<b>SCHEDULE 11: CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
A) Sundry Creditors		
(i) Due To Micro, Small & Medium Enterprise	2,961,250	2,620,667
(ii) Due To Others	559,465,649	416,506,702
B) Other Liabilities		
(i) Income Tax Deducted At Source	8,295,714	6,097,490
(ii) Interest Accrued But Not Due	3,002,115	2,922,821
(iii) Statutory Liabilities	5,406,396	6,307,491
(iv) Other Payables	88,506,571	95,570,575
(v) Advance From Customers	14,627,214	57,250,450
(vi) Unclaimed Dividend	543,669	655,324
C) Fair Valuation loss on derivatives (Refer note no.12,in schedule-17-notes to accounts)	6,715,728	9,207,675
D) Dividend	42,228,000	1,40,76,000
E) Provision for Tax	89,676,649	41,850,165
	<u>821,428,955</u>	<u>735,929,360</u>
<b>SCHEDULE 12: OPERATING INCOME</b>		
Sales	3,407,960,087	3,174,001,416
Exports Incentives	6,859,811	18,342,013
Job Work Charges (Income - Tax Deducted at source Rs. 2822985/- , Previous Year Rs. 3252960/-)	30,835,192	45,470,104
	<u>3,445,655,090</u>	<u>3,237,813,533</u>
<b>SCHEDULE 13 OTHER INCOME</b>		
Profit on sales of Assets	0	67,758
Miscellaneous Income	180,600	776,153
Cash Discount	7,453,118	9,875,671
Interest Income (Income-Tax Deducted at source Rs.107689 ,Previous Year Rs. 210534)	976,240	1,143,521
Bad Debts Recovered	0	1,114,236
Dividend Income	9,000	7,500
	<u>8,618,958</u>	<u>12,984,839</u>



## Schedule 17

### NOTES TO ACCOUNTS

#### 1. Significant Accounting Policies.

##### a) Basis of accounting.

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

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

Tangible Fixed Assets are stated at cost less accumulated depreciation. Depreciation on Buildings and Plant and Machinery 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 determining cost for various categories of inventories are as follows:-

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

Material in Transit: **At cost**

Work in progress: **At material cost plus conversion cost on the basis of absorption costing.**

Finished Goods: **At material cost plus conversion cost on the basis of absorption costing. (inclusive of excise duty payable)**

Scrap: **At realizable value.**

Stock in Trade includes Raw Materials and 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.

##### (i) 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.

	Current Year 31.03.2010 (Rs)	Previous Year 31.03.2009 (Rs)
<b>SCHEDULE 14: MANUFACTURING EXPENSES</b>		
Cost of Material Consumed	1,323,868,745	1,261,645,988
Stores & Spares Consumed	177,152,877	221,573,309
Job Work & Other Expenses	495,415,320	475,607,635
Power & Fuel	134,659,385	119,022,358
Machinery Repairs	29,170,904	24,116,937
	<u>2,160,267,231</u>	<u>2,101,966,227</u>
Add: Opening Work In Progress	83,173,256	85,518,979
Add: Opening Stock of Finished Goods	268,199	5,470,552
Add : Goods In Transit	0	3,195
	<u>2,243,708,686</u>	<u>2,192,958,953</u>
Less : Closing Work In Progress	58,304,512	83,173,256
Less : Goods In Transit	4,636,622	268,199
	<u>2,180,767,552</u>	<u>2,109,517,498</u>

#### SCHEDULE 15: OTHER EXPENSES

Wages Salaries & Perquisites	328,811,835	3,19,245,008
Contribution To PF, ESI & Other Funds	18,516,766	19,326,354
Labour And Staff Welfare	18,557,907	17,670,347
Rent	24,551,485	16,778,057
Fees Rates & Taxes	835,644	2,941,177
Insurance	9,059,397	9,375,652
Auditor's Remuneration :		
- Audit Fee	500,000	500,000
- Out of Pocket Expenses	71,943	62,877
- In Other Capacity	120,000	105,000
Directors Remuneration	28,042,959	14,252,834
Travelling Expenses	8,682,461	9,186,953
Directors Sitting Fees	220,000	180,000
Advertisement & Selling Expenses	515,993	206,695
Repair To Building	11,279,266	2,344,348
Bad Debts	1,383,385	-
Charity & Donation	168,000	780,863
Loss on Foreign Exchange Fluctuation	23,513,559	15,450,967
Loss on Sale of Assets	208,875	-
Other Expenses	95,104,207	86,704,955
	<u>570,143,682</u>	<u>515,112,087</u>

#### SCHEDULE 16: FINANCIAL EXPENSES

Interest To Banks	45,456,200	60,558,752
Interest To Others	38,492,876	35,480,101
Bank Commission & Charges	4,758,602	3,637,947
	<u>88,707,678</u>	<u>99,676,801</u>

**(ii) 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:**

Sale of goods is accounted for at the time of dispatch of finished goods to the customers. 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 Liability/(Assets) for the year is charged to current year's profit. Deferred Tax Liability is on account of timing difference in depreciation, gratuity, leave encashment etc .

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

**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.

**2. Contingent Liabilities**

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 Liabilities not provided for :

(Amount Rs. in Lacs)

A.	As on 31 <sup>st</sup> March 2009	As on 31 <sup>st</sup> March 2010
	Rs 623.46	Rs 1,173.00

(Amount Rs. in Lacs)

B.	Opening	Released during the Year	Fresh Guarantees During the Year	Closing
	Rs 68.87	Rs 4.58	Rs 57.04	Rs 121.32

3. 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.

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

5. In pursuance of Micro, Small & Medium Enterprises Development Act, 2006, the names of the Enterprises to whom the Company owes any sum which is outstanding at the year end are as follows :-

a).

(Amount in Rs.)

S.No.	Name of the Party	Category	Current Year		Last Year	
			Intt. On Late Pmt.	Balance as on 31.03.2010	Intt. On Late Pmt.	Balance as on 31.03.2009
1	Accurate Engineering Co. Pvt. Ltd.	Small	-	392,562.00	5,098.17	606,266.00
2	Bansal Brothers	Micro	-	1,688.91	9,478.93	12,951.13
3	Bunty Chemical	Micro	-	97,070.51	15.19	-
4	Bhardwaj Engineering Services	Micro	-	178,255.96	-	-
5	Deepak Industries	Micro	-	-	37,479.32	-
6	N K Micro Pvt. Ltd.	Micro	-	65,048.55	37,255.96	199,115.52
7	Narang Industries	Micro	-	745,089.76	17,773.43	1,006,949.98
8	R M Components pvt. Ltd.	Small	-	382,194.28	45,278.94	423,185.24
9	Superfine Component (P) Ltd.	Small	1,267.00	5,985.00	18,520.83	282,694.06
10	Tribochem Industries	Micro	-	-	266.67	-
11	Vaishno Industrial Engineering	Micro	-	-	56,646.86	89,505
12	A.K. Creations	Micro	-	11,1395.80	-	-
13	Bhagwat Wood Works	Micro	-	18,6281.47	-	-
14	Chandra Prabhu Industries Pvt. Ltd.	Small	-	19,9280.48	-	-
15	ESGI Tools Private Ltd.	Micro	-	49,1761.24	-	-
16	Patel Engineering Works	Micro	-	22,268.34	-	-
17	URSS Tech Services Pvt Ltd	Small	-	82,368.00	-	-
<b>Total</b>			<b>1,267.00</b>	<b>2,961,250.30</b>	<b>227,814.30</b>	<b>2,620,666.93</b>

b) The amount of interest accrued & remaining unpaid at the end of the Financial Year 2009-2010 is mentioned above as Para (a).

c) There is no other interest remaining due & payable for any of the earlier years except the interest for the year 2007-08 & 2008-2009.

6. Debtors include the following balances outstanding in the name of companies in which directors of the Company are interested :

(Amount Rs. in Lacs)

Company's Name	Current Year closing Balance	Previous Year Closing Balance	Current Year Maximum Amount outstanding	Previous Year Maximum Amount Outstanding
Getrag Hi- Tech Gears India P Ltd (Under the same Management)	252.81	25.10	477.57	284.63





	Rs. in Lacs	
	Gratuity	Gratuity
<b>Expenses recognized in the Profit and Loss Account</b>		
Current Service Cost	32.26	27.15
Interest Cost	17.16	20.74
Expected Return on Plan Assets	(5.00)	(5.84)
Net Actuarial (Gain)/Loss recognized in the period	70.24	(36.50)
Total Expenses recognized in the Profit and Loss Account	114.66	5.55

**16. The components of deferred tax liability/asset are as under :**

	Rs. in Lacs	
Particulars	Current Year	Previous Year
Deferred Tax Liability due to timing difference of Depreciation	<b>(34.93)</b>	(58.03)
Deferred Tax Assets/(Liability) due to provision for Gratuity	<b>(64.74)</b>	64.74
Deferred Tax Assets due to provision for Leave Encashment	<b>11.66</b>	25.09
Deferred Tax Assets/(Liability) due to Unpaid Bonus	<b>0.00</b>	3.40
Total	<b>(88.01)</b>	35.20

**17. Additional information pursuant to para 3 & 4 of part II of schedule VI of the Companies Act, 1956**

	Current Year 31.03.2010 Quantity	Value (Rs. in Lacs)	Previous Year 31.03.2009 Quantity	Value (Rs. in Lacs)
<b>17.1 Turnover</b>				
Transmission Components	<b>376.74 Lacs Pcs</b>	<b>31,312.33</b>	338.81 Lacs Pcs	28129.34
Scrap	<b>4364.07 M.T.</b>	<b>624.74</b>	4218.73 M.T.	692.02
Other		<b>24.43</b>		62.66
Job Work Sales		<b>308.35</b>		454.70

**17.2 Raw material consumed**

High Carbon High Chromium Steel	<b>23998.970 M.T.</b>	<b>13,238.68</b>	20867.636 M.T.	12,616.46
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**17.3 Value of stores , spare parts & components consumed**

	<b>1,771.53</b>	2,215.73
(It is not practicable to furnish quantitative information of other material and components consumed in view of considerable no. of items, being diverse in size and volume)		

**17.4 Installed capacity & actual production**

Particulars	Opening Stock				Sales				Closing Stock			
	Current Year		Previous Year		Current Year		Previous Year		Current Year		Previous Year	
	Qty. Nos. in Lacs	Value Rs. in Lacs										
Gear box transmission Components Steering Worms & Gas Assembly	0.004	2.68	0.165	54.71	376.595	31,312.33	338.810	28,129.34	0.149	46.36	0.004	2.68

**17.5 Particulars of opening stock, sales and closing stock of finished goods.**

Particulars	Installed Capacity		Actual Production	
	As On 31.03.2010	As On 31.03.2009	As On 31.03.2010	As On 31.03.2009
Gear Box And Transmission Componenets Steering Worm & Gas Assembly	425.00 Lacs Pcs.	425.00 Lacs Pcs.	376.74 Lacs Pcs.	338.65 Lacs Pcs.

**Notes :**

Installed capacity is certified by the Management but not verified by the auditors being a technical matter. The manufacturing process as per Note F.No.10(43)/91-L.P.dated 25/07/91 does not require registration. Raw material & stores consumed include sales of raw material and components.

PARTICULARS	Rs in Lacs 31.03.2010	Rs in Lacs 31.03.2009
<b>17.6 Value of imports calculated on cif basis</b>		
Consumable Stores	<b>16.17</b>	25.84
Raw Material	<b>3.74</b>	0.00
Capital goods	<b>666.93</b>	0.00
Softwares	<b>10.11</b>	11.73

**17.7 Expenditure in foreign currency**

Foreign Travel Expenses	<b>23.41</b>	8.57
Training & Seminar	<b>27.47</b>	50.20
Subscription	<b>0.24</b>	0.62
E C B Interest	<b>36.02</b>	96.50
E C B Loan Repayment	<b>809.73</b>	764.83
Professional Services	<b>43.79</b>	24.14

**17.8 Sarning in foreign exchange**

	(Amount in Rs.)	
(Exports at F.O.B.Value)	<b>4889.20</b>	4881.69

**17.9 Imported and indigenous raw material, components, stores & spares consumed**

	Imported		Indigenous	
	Current Year 31.03.2010	Previous Year 31.03.2009	Current Year 31.03.2010	Previous Year 31.03.2009
Stores & Spares (values in lacs)	<b>16.17</b>	25.84	1,755.36	2,189.89
Percentage	<b>0.91%</b>	1.17%	99.09%	98.83%
Raw Material (value in lacs)	<b>3.74</b>	0.00	13,234.94	12,616.46
Percentage	<b>0.03%</b>	0.00%	99.97%	100.00%

**17.10 Payment to directors**

	Current Year	Previous Year
Remuneration	<b>79.60</b>	74.32
Commission	<b>197.37</b>	64.85
Perquisites	<b>3.46</b>	3.35
Contribution to Provident Fund	<b>5.97</b>	5.57
Directors' sitting fees	<b>2.20</b>	1.80

(Amount in Rs.)

**17.11 Calculation of managerial remuneration for the financial year 2009-2010**

	Current Year	Previous Year
Computation of Net Profit in accordance with Section 309 (5) of the Companies Act., 1956		
Profit before Tax as per P & L Account	<b>269,914,005</b>	1,18,791,467
Less: Prior period expenses	<b>254,465</b>	18,503,417
Less: Fringe Benefit Tax	-	3,300,000
Added Back :-		
Directors Remuneration charged to P&L A/c	<b>28,042,959</b>	14,252,834
Contribution to Providend Fund	<b>597,000</b>	557,400
HSIIDC Subsidy	<b>5,346,000</b>	-
Total	<b>303,645,499</b>	111,798,284
Computation of Commission to Directors		
a) Commission on Profit @ 3% to Chairman & Managing Director	<b>9,109,365</b>	3,353,949
b) Commission payable @ 3% to Deputy Managing Director restricted to overall 5% limit along with other remuneration	<b>9,109,365</b>	3,131,532
c) Commission payable to other Directors 0.50%	<b>1,518,227</b>	-
Total Commission payable to Directors	<b>19,736,957</b>	6,485,481



## Cash Flow Statement

FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2010

(Amount in Rs.)

	Current Year 31.03.2010	Previous Year 31.03.2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit Before Tax &amp; Extraordinary Items</b>	<b>269,914,005</b>	118,791,467
Adjustment for:-		
Depreciation for	<b>126,072,693</b>	117,650,546
Dividend Income	<b>(9,000)</b>	(7,500)
Interest Expenses	<b>88,707,679</b>	99,676,801
Exchange Fluctuation (unrealised Profit)/ Unrealised Loss	<b>2,297,707</b>	1,128,634
Interest Income	<b>(976,240)</b>	(1,143,521)
Profit on sale of Assets	<b>(208,875)</b>	(67,758)
<b>Operating Profit Before Working Capital Changes</b>	<b>485,797,969</b>	336,028,669
<b>Adjustment for</b>		
(Increase)/ Decrease in Debtors	<b>(112,188,084)</b>	83,564,916
(Increase)/ Decrease in Inventories	<b>47,259,098</b>	23,942,558
(Increase)/ Decrease in Other Current Assets, Loans & Advances	<b>1,480,777</b>	(1,860,654)
Increase/ (Decrease) in Current Liabilities & Provisions	<b>95,285,206</b>	20,163,427
<b>Cash Generated From Operations</b>	<b>517,634,965</b>	461,838,916
Direct Taxes Paid	<b>(75,231,490)</b>	(43,691,600)
Cash Flow Before Extraordinary Items	<b>442,403,475</b>	418,147,316
Extraordinary Items (Preliminary Expenses Written Off)	-	-
<b>Net Cash From Operating Activities</b>	<b>442,403,475</b>	418,147,316
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets & CWIP	<b>(154,813,929)</b>	(51,203,050)
Sale of Fixed Assets	<b>1,215,518</b>	243,883
Purchase of Investments	-	-
Sale of Investments	-	-
Interest Received	<b>976,240</b>	1,143,521
Dividend Received	<b>9,000</b>	7,500
<b>Net Cash from Investing Activities</b>	<b>(152,613,171)</b>	(49,808,147)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Issue of Share Capital	-	-
Proceeds from Long Term Borrowings	<b>114,275,000</b>	138,100,000
Net Proceeds From Short Term Borrowings	<b>(77,436,129)</b>	(191,863,306)
Repayments of Long Term Borrowings	<b>(204,618,560)</b>	(192,421,626)
Repayments of Finance Lease Liabilities	-	-
Dividend Paid	<b>(16,468,216)</b>	(28,152,000)
Interest paid	<b>(88,707,679)</b>	(99,676,801)
<b>Net Cash used in Financial Activities</b>	<b>(272,955,584)</b>	(374,013,734)
<b>Net Increase in Cash and Cash Equivalents (A+C+B)</b>	<b>16,834,721</b>	(5,674,564)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>16,834,721</b>	(5,674,564)
<b>Opening Balance</b>	<b>7,033,571</b>	12,708,135
<b>Closing Balances</b>	<b>23,868,292</b>	7,033,571

**For and on behalf of the Board of Directors**

Deep Kapuria Chairman & Managing Director  
 Sandeep Dinodia Director  
 Vinit Taneja Director  
 P.C. Mathew Director  
 Anil Khanna Director  
 Pranav Kapuria Dy. Managing Director  
 Anuj Kapuria Director  
 Sandeep Verma AVP Finance & Accounts ( CFO)  
 Praveen Jain Head Legal & Company Secretary

**Auditor's Report**

We have checked the attached cashflow statement of HI-TECH GEARS LTD. for the year ended on March 31, 2010 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

CA. KAWAL JAIN  
 Partner  
 M.NO. 89214  
 FRN - 001393N  
 Place : New Delhi  
 Dated : May 15, 2010

18 The figures have been rounded off to the nearest rupee.

19 Previous year figures have been regrouped and rearranged wherever found necessary.

20 Schedule 1 to 17 form an integral part of Balance Sheet and Profit and Loss Account.

PER OUR REPORT OF EVEN DATE ATTACHED  
 FOR GUPTA VIGG & CO.  
 CHARTERED ACCOUNTANTS

CA. KAWAL JAIN  
 Partner  
 M.NO. 89214  
 FRN - 001393N

Place : New Delhi  
 Dated : May 15, 2010

**For and on behalf of the Board of Directors**

Deep Kapuria Chairman & Managing Director  
 Sandeep Dinodia Director  
 Vinit Taneja Director  
 P.C. Mathew Director  
 Anil Khanna Director  
 Pranav Kapuria Dy. Managing Director  
 Anuj Kapuria Director  
 Sandeep Verma AVP Finance & Accounts ( CFO)  
 Praveen Jain Head Legal & Company Secretary

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

(Pursuant to the Provisions of Part IV of Schedule VI of the Companies Act, 1956)

**I. Registration Details**

Registration No. :	4536	State Code :	17
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Balance Sheet Date : 31.3.2010

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

Public Issue :	Nil	Right Issue :	Nil
Bonus Issue :	Nil	Private Placement :	Nil
Conversion :	Nil	Warrants :	Nil

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

Total Liabilities :	1,576,229	Total Assets :	1,576,229
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**Sources of Funds**

Paid up Capital :	93,840	Reserves & Surplus :	890,513
Secured Loans :	467,309	Unsecured Loans :	18,615
Deferred Tax Liability :	105,952		
Application of Funds :	1,576,229		
Net Fixed Assets :	1,475,612	Investments :	40
Net Current Assets :	100,577	Misc. Expenditure :	-
Pre-operative exp :	-	Accumulated Losses.:	-

**IV. PERFORMANCE OF COMPANY**

(Amount in Rs. Thousands)

Turnover :	3,235,605	Total expenditure :	2,965,691
Profit/Loss before Tax :	269,914	Profit/Loss after Tax :	178,505
Earning per share in Rs. :	19.00	Dividend rate :	45.00%

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

(As per monetary terms)

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

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

**For and on behalf of the Board of Directors**

Deep Kapuria	Chairman & Managing Director
Sandeep Dinodia	Director
Vinit Taneja	Director
P.C. Mathew	Director
Anil Khanna	Director
Pranav Kapuria	Dy. Managing Director
Anuj Kapuria	Director
Sandeep Verma	AVP Finance & Accounts ( CFO)
Praveen Jain	Head Legal & Company Secretary

Place : New Delhi  
Dated : May 15, 2010

**SHAREHOLDERS' INFORMATION**

**Registered Office & Works**

A-589, Industrial Complex,  
Bhiwadi - 301019,  
District Alwar, (Rajasthan)  
Tel No: (01493) – 641237-39  
Fax No: (01493) – 220512  
Web site: www.hitechgears.com

**Corporate Office**

14th Floor, Tower-B, Unitech's Millennium Plaza,  
Shushant Lok-1, Sector – 27, Gurgaon,  
Haryana-122002  
Tel No: (0124) – 4715100  
Fax No: (0124) – 2806085  
Email: secretarial@hitechgears.com

**Listing**

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

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

**Annual General Meeting**

Date & Time : Monday the 27<sup>th</sup> day of September, 2010 at 11.00 A.M.  
Venue : A-589, Industrial Complex,  
Bhiwadi - 301019,  
District Alwar, (Rajasthan).

**Book Closure Dates**

September 17 to September 27, 2010 (both days inclusive)

**Dividend**

The Board of Directors have recommended dividend of Rs. 4.50 per equity share (@ 45%) subject to the approval of the members in Annual General Meeting on 27<sup>th</sup> day of September, 2010.

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 27, 2010. 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, 2010, 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, 2nd Floor, Okhla Industrial Area, Phase –II,  
New Delhi – 110020.  
Ph. : 011 – 26387281, 82, 83  
Fax : 011 – 26387384  
Web site: www.masserv.com  
Email: info@masserv.com



## Notice

NOTICE is hereby given to the members of Hi-Tech Gears Limited, that the 24<sup>th</sup> Annual General Meeting of the Company will be held on Monday the 27<sup>th</sup> day of September, 2010, at 11.00 A.M., at the Registered Office of the Company, at A-589, Industrial Complex, Bhiwadi – 301019 (Rajasthan), to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2010 and the Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Sandeep Dinodia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anuj Kapuria who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

#### 6. Change in the designation of Mr. Deep Kapuria, Chairman & Managing Director to Chairman & Whole Time Director of the Company Designated as Executive Chairman.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to section 198, 269,309,310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, approval be and is hereby accorded for the change in designation of Mr. Deep Kapuria, Chairman & Managing Director to Chairman & Whole Time Director of the Company (to be designated as Executive Chairman) w.e.f. 5<sup>th</sup> August, 2010 to 31<sup>st</sup> December, 2011, his other terms & conditions and remuneration of his appointment shall remain the same.

#### 7. Appointment of Mr. Pranav Kapuria as Managing Director of the Company and to fix his remuneration.

(A) To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to section 198, 269,309,310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, approval be and is hereby accorded to the reappointment of Mr. Pranav Kapuria as Deputy Managing Director of the Company for a period of Five years w.e.f. 1<sup>st</sup> August, 2010 to 31<sup>st</sup> July, 2015, with payment of remuneration at the terms and conditions set out below:-

1. **Salary:** Rs. 1, 40,000/- in the scale of Rs. 1, 40,000-10,000-1,60,000-15000-1,90,000 per month.

**2. Commission:** @ 1.5 % of the net profit of the Company computed in the manner specified in section 198 of the Companies Act, 1956, after the profits of the Company are ascertained.

**3. Perquisites :** as under :-

i). Housing: The expenditure on hiring the furnished accommodation will be subject to a ceiling of 60% of the salary, over and above 10% payable by the appointee. In case, no residential accommodation is provided to the appointee by the Company, he shall be paid house rent allowance @ 60% of the basic salary per month.

ii). Gas, Electricity, Water etc.: The expenditure on Gas, Electricity, water and furnishing shall be valued as per Income Tax Rules, 1962, subject, however, to the ceiling of 10% of the salary.

iii). Medical Reimbursement: Expenses incurred for the appointee and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

iv). Leave Travel Concession: - For the appointee and his family, once in a year incurred in accordance with the Rules specified by the Company, subject to a ceiling of one month's salary.

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

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

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

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

ix). Earned/Privilege Leave: One month leave with full salary and perquisites for every eleven month.

x). Use of Car: Free use of Company's Car with driver for the business of the Company.

xi). Telephone: Free use of telephone at the residence of the Deputy Managing Director. However, long distance personal calls shall be billed to him by the Company.

**RESOLVED FURTHER THAT** the aggregate remuneration of the Deputy Managing Director shall not exceed 5% of the Net Profit in any financial Year, and total remuneration payable to all the working Directors put together shall not exceed 10% of the Net Profit in any Financial Year.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of Profit in any financial year, the appointee shall be paid remuneration at the rates specified above, subject to approval, if any, required from the Central Government under Schedule XIII of the Companies Act, 1956”.

(B) To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to section 198, 269,309,310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, approval be and is hereby accorded for the change in designation of Mr. Pranav Kapuria Deputy Managing Director to Managing Director of the Company w.e.f. 5<sup>th</sup> August, 2010 to 31 July, 2015, other terms & conditions and remuneration of his appointment shall remain the same.

#### 8. Appointment of Mr. Anuj Kapuria, as Whole Time Director of the Company and to fix his remuneration.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to section 198, 269,309,310 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, approval be and is hereby accorded to the appointment of Mr. Anuj Kapuria as a Whole Time Director Designated as Executive Director of the Company w.e.f. 15<sup>th</sup> May 2010 to 14<sup>th</sup> May, 2015, with payment of remuneration at the terms and conditions set out below:-

1. **Salary:** Rs. 1,00,000 in the scale of Rs. 1,00,000-10,000-1,20,000-15,000-1,50,000 per month.

**2. Commission:** @ 1.5 % of the net profit of the Company computed in the manner specified in section 198 of the Companies Act, 1956, after the profits of the Company are ascertained.

**3. Perquisites :** as under :-

i). Housing: The expenditure on hiring the furnished accommodation will be subject to a ceiling of 60% of the salary, over and above 10% payable by the appointee.

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

ii). Gas, Electricity, Water etc.: The expenditure on Gas, Electricity, water and furnishing shall be valued as per Income Tax Rules, 1962, subject, however, to the ceiling of 10% of the salary.

iii). Medical Reimbursement: Expenses incurred for the appointee and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

iv). Leave Travel Concession: - For the appointee and his family, once in a year incurred in accordance with the Rules specified by the Company, subject to a ceiling of one month's salary.

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

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

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

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

ix). Earned/Privilege Leave: One month leave with full salary and perquisites for every eleven months’.

x). Use of Car: Free use of Company's Car with driver for the business of the Company.

xi). Telephone: Free use of telephone at the residence of the Whole - Time Director. However, long distance personal calls shall be billed to him by the Company.

**RESOLVED FURTHER THAT** the aggregate remuneration of the whole Time Director shall not exceed 5% of the Net Profit in any financial Year, and total remuneration payable to all the working directors put together shall not exceed 10% of the Net Profit in any Financial Year.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of Profit in any financial year, the appointee shall be paid remuneration at the rates specified above, subject to approval, if any, required from the Central Government under Schedule XIII of the Companies Act, 1956”.

#### 9. Increase in the Authorised share capital of the Company

To consider and if thought fit, to pass, with or without modification(s) the following resolution as a special resolution:

**“RESOLVED THAT** pursuant to Section 94 of the Companies Act, 1956, and all other applicable provisions of the Companies Act, 1956, the Authorized share capital of the Company be and is hereby increased from Rs. 10,00,00,000 (Rupees ten crores) divided into 100,00,000 (one crore) equity shares of Rs. 10/- each, to Rs. 20,00,00,000 (Rupees twenty crores) divided into 200,00,000 (two crore) equity shares of Rs. 10/- each, by creation of 1,00,00,000 (one crore) additional equity shares ranking pari passu with the existing equity shares of the Company.

**RESOLVED FURTHER THAT** the existing clause V of the Memorandum of Association of the Company be deleted and the following be substituted in its place:

V. The Authorized share capital of the Company is Rs. 20,00,00,000 (Rupees twenty crores only) divided into 2,00,00,000 (two crore), equity shares of Rs. 10/- each.

**RESOLVED FURTHER THAT** pursuant to Section 31 of the Companies Act, 1956, and all other applicable provisions of



the Companies Act, 1956, the approval of shareholders of the Company be and is hereby accorded that the existing Article no. 3 of the Articles of Association of the Company be deleted and be substituted with the following article:

3. The Authorized share capital of the Company is Rs. 20,00,00,000 (Rupees twenty crores only) divided into 2,00,00,000 (two crore), equity shares of Rs. 10/- each.

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

Place : New Delhi Praveen Jain  
Date : July 24, 2010 Head Legal & Company Secretary

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/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, 2010 to September 27, 2010 (both days inclusive).

3. If 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 27, 2010. 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, 2010, 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 remains

unpaid or unclaimed for a period of 7(Seven) years from the date of transfer of the amount to unpaid dividend account would be transferred to the "Investor Education and Protection Fund (IEPF)" constituted by the Central Government and the shareholders would not be able to make any claims as to the amount of dividend so transferred to the fund. Thus, the shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends declared by the Company for the year 2002-03 and onwards.

7. The proposed date for the transfer of unclaimed final dividend by the Company for the year 2002-03 to IEPF is 5<sup>th</sup> September, 2010.

8. Information pursuant to Clause 49 of the Listing Agreement is annexed 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 business.

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:

- Quote their Folio number while corresponding with the Company.
- Notify any change in their registered address immediately.

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

##### Item No.6

Change in designation of Mr. Deep Kapuria, Chairman & Managing Director to Chairman & Whole Time Director of the Company designated as Executive Chairman.

Mr. Deep Kapuria was appointed as Chairman & Managing Director of the Company for a period of 5 (five) years w.e.f. 1<sup>st</sup> January 2007 to 31<sup>st</sup> December 2011, for which approval was accorded by the members in their 21<sup>st</sup> Annual General Meeting held on 17<sup>th</sup> September, 2007. Keeping in View the restructuring of the designation among all the working Directors of the Company, your Board of Directors recommended for the change in the present designation of Mr. Deep Kapuria from Chairman & Managing Director to Chairman & Whole Time Director (designated as Executive Chairman) w.e.f. 05<sup>th</sup> August 2010 to 31<sup>st</sup> December 2011, in their meeting held on 24<sup>th</sup> day of July 2010. Subject to the

approval of shareholders in ensuing Annual General Meeting.

A brief resume of Sh. Deep Kapuria, is annexed herewith as Annexure 'I', mentioning therein the nature of his expertise in specific functional areas and the name of the Company in which he holds the position of a Director.

Mr. Deep Kapuria, Mr. Pranav Kapuria and Mr. Anuj Kapuria, Directors may be deemed to be interested in the resolution. No other directors are interested or concerned in the resolution.

This may also be treated as an abstract of variation in his designation pursuant to Section 302 of the Companies Act 1956.

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

##### Item No. 7

Appointment of Mr. Pranav Kapuria as Managing Director and to fix his remuneration.

(A) Mr. Pranav Kapuria was appointed as Deputy Managing Director the Company for a period of five years w.e.f. 30<sup>th</sup> May 2005, for which approval was accorded by the members in the 19<sup>th</sup> Annual General Meeting, held on 5<sup>th</sup> September 2005. His tenure of five years was coming to an end on 31<sup>st</sup> July, 2010. Taking into consideration the managerial expertise and the contribution made by Mr. Pranav Kapuria for the growth of business of the Company and the additional responsibilities & functions especially the establishment of third unit in Bhiwadi, the members of the remuneration committee and your Board of Directors in their meeting held on 15<sup>th</sup> Day of May 2010 recommended the reappointment of Mr. Pranav Kapuria as Deputy Managing Director of the Company for a period of five years w.e.f. 1<sup>st</sup> August 2010 to 31<sup>st</sup> July 2015, subject to the approval of the shareholders in the ensuing Annual General Meeting.

(B) Mr. Pranav Kapuria was appointed as Deputy Managing Director of the Company for a period of 5 (five) years w.e.f. 1<sup>st</sup> August 2010 to 31<sup>st</sup> July 2015, subject to the approval of the shareholders in the Annual General Meeting. Keeping in View the restructuring of the designation among all the working Directors of the Company, your Board of Directors recommended for the change in the present designation of Mr. Pranav Kapuria from Deputy Managing Director to Managing Director w.e.f. 05<sup>th</sup> August 2010 to 31<sup>st</sup> July 2015, in their meeting held on 24<sup>th</sup> day of July 2010. Subject to the approval of shareholders in ensuing Annual General Meeting.

A brief resume of Mr. Pranav Kapuria, is annexed herewith as Annexure 'I', mentioning therein the nature of his expertise in specific functional areas and the name of the Company in which he holds the position of a Director.

Mr. Deep Kapuria, Mr. Pranav Kapuria and Mr. Anuj Kapuria, Directors may be deemed to be interested in the resolu-

tion. No other Director is interested or concerned in the resolution.

This may also be treated as an abstract of terms of appointment of the Managing Director and the Memorandum of Interest of the Director pursuant to Section 302 of the Companies Act 1956.

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

##### Item No.8

Appointment of Mr. Anuj Kapuria, as Whole Time Director of the Company and to fix his remuneration.

Mr. Anuj Kapuria was appointed as Director of the Company on 30<sup>th</sup> May, 2005 and his appointment was duly approved by the members in their 19<sup>th</sup> Annual General Meeting held on 5<sup>th</sup> September 2005. Taking into consideration the time devoted by him during the tenure of his services of five years in the Company, the members of the remuneration committee and your Board of Directors in their meeting held on 15<sup>th</sup> Day of May 2010 recommended the appointment of Mr. Anuj Kapuria as Whole Time Director of the Company designated as Executive Director of the Company for a period of five years w.e.f. 15<sup>th</sup> May 2010 to 14<sup>th</sup> May 2015, subject to the approval of the shareholders in the ensuing Annual General Meeting.

A brief resume of Mr. Anuj Kapuria, is annexed herewith as Annexure 'I', mentioning therein the nature of his expertise in specific functional areas and the name of the Company in which he holds the position of a Director.

Mr. Deep Kapuria, Mr. Pranav Kapuria and Mr. Anuj Kapuria, Directors may be deemed to be interested in the resolution. No other Director is interested or concerned in the resolution.

This may also be treated as an abstract of terms of appointment of the Whole Time Director and the Memorandum of Interest of the Director pursuant to Section 302 of the Companies Act 1956

The Board of Directors of your Company recommends passing of the aforesaid resolution

##### Item No. 9

Increase in the Authorised Share Capital of the Company.

The Company proposes to make a further issue of 9384000 equity shares of Rs. 10 each of the Company. The present authorized share capital is insufficient to enable the Company to issue the above said equity shares. Therefore, it is necessary to increase the Authorized share capital of the Company from Rs. 10 crore to Rs. 20 crore. The new equity shares shall rank pari passu with the existing equity shares of the Company. Alteration in the Memorandum of Association and Articles of Association are also consequential to reflect the increase in the Authorized share capital. The Board of Directors of the Company recommend passing of the resolution.

None of the Directors are interested or concerned in the resolution except to the extent of their Existing shareholding

**Annexure-I**

Brief particulars of Directors seeking Re-appointment on Retirement by rotation pursuant to Clause 49 of the Listing Agreement

(a) Mr. Deep Kapuria son of Late Sh. D.K. Kapuria born on August 5, 1949 is founder Director of the Company designated as Chairman & Managing Director of the Company. He is expert in Gear Manufacturing & Designing; Business Management & Finance. He possess the following qualification

1. Bachelor of. Engineering (Honours) from B.I.T.S., Pilani;
2. Advance Management Programme from Indian Institute of Management, Ahmedabad
3. Lead Assessor Course for ISO 9000 from P.E. Batalas Ltd., UK
4. Owner Management Programme from Harvard Business School, USA

He is presently holding the membership of the Board/committee(s) of the other companies:- Dev Darshan Construction Pvt. Ltd.; Hi-Tech Robotic Systemz Limited.; Hi-Tech & Associates Ltd.

Mr. Deep Kapuria holds 1,532,886 equity shares in the Company

(b) Mr. Pranav Kapuria, Son of Mr. Deep Kapuria born on July 16, 1975 joined the Company as a Whole Time Director-operations in the year 2000. Taking into consideration the contribution made by him for the growth of business was promoted as Deputy Managing Director of the Company for a period of five years w.e.f. 1st August 2005 to 31<sup>st</sup> July 2010.

He has done Bachelor of Commerce with Honours from Delhi University, also holds Masters degree in Business Administration from Cardiff Business School, University of Cardiff, U.K. and Certificate Program on Lean Manufacturing from University of Michigan, College of Engineering, USA. In addition, he has undergone Industrial training in reputed Engineering Corporation in USA. Mr. Pranav Kapuria is an expert in transforming traditional organization into a vibrant one through implementation of lean manufacturing program, which includes Implementation of Total Quality Management, Total Productivity Management, Just-In-Time and Kaizen.

He is presently holding the membership of the Board/committee(s) of the other companies:- Hi-Tech Portfolio Investments Ltd, Hi-Tech & Associates Ltd, Hi-Tech Robotic Systemz Ltd.

Mr. Pranav Kapuria is holds 394,914 equity shares in the Company.

(c) Mr. Sandeep Dinodia son of Shri. S.R. Dinodia born on April 04, 1962 joined the Company as an Independent director in the year 2002. He is fellow Member of the Institute of Chartered Accountants of India and Law graduate from Delhi University. Also he is member of the Institute of Internal Auditors, USA. He possesses expertise in Direct Taxes-National & International, Company law & FEMA.

He is presently holding the membership of the Board/committee(s) of the other companies:- Hero Motors Ltd; Sandhar Steady Stream Tooling Pvt. Ltd; Lumax Auto Technologies Ltd.; ANG Housing Developers Pvt. Ltd.; Dinodia Consulting Pvt. Ltd.; Dinodia Estate & Investments Pvt. Ltd. and Supanavi Trading & Finance Consultants Pvt. Ltd.

Mr. Sandeep Dinodia does not hold any shares (as own or on behalf of other person on beneficial basis) in the Company.

(d) Mr. Anuj Kapuria, Son of Mr. Deep Kapuria born on August 26, 1978 joined the Company as a non Executive Director in the year 2005. He has done Bachelor of Engineering in Robotics and Automated Manufacture Engineering from Sussex University U.K. Master's Degree in Robotics, Intelligent Robotics, Carnegie Mellon University and Research in Robotics, Intelligent Robotics, Carnegie Mellon University. He possesses expertise in Automation of machines and manufacturing equipments, Robotics, Computer Vision and Artificial intelligence. He had also applied for various patents like Driver state Monitoring System, collision warning System, A Robot System Architecture, Autonomous Mobile and Robot system etc.

He is presently holding the membership of the Board/committee(s) of the other companies:- Vulcan Electro Controls Limited, Summit Inport Services Limited, Chetana Inlease Private Limited, Hi-Tech & Associates Limited, Hi-Tech Robotic Systemz Limited and Shinkolite Cables Limited.

Mr. Anuj Kapuria Holds 409688 equity shares in the Company

**HI-TECH GEARS LTD.**

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

**ATTENDANCE SLIP**

**24<sup>th</sup> Annual General Meeting, September 27, 2010**

**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)

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

No. of shares held:

D.P. ID.....

I hereby record my presence at the 24<sup>th</sup> Annual General Meeting of the Company on 27th day of September 2010, at the Registered Office of the Company at, A-589 Industrial Complex, Bhiwadi – 301019, Rajasthan.

Signature of the Shareholder(s)/Proxy

**HI-TECH GEARS LTD.**

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

**PROXY FORM**

**24<sup>th</sup> Annual General Meeting, September 27, 2010**

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.....

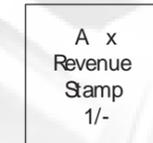
or failing him/her\* .....

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

Proxy to attend and vote for me/us\* on my/our\* behalf at the 24th Annual General Meeting of the Company to be held on Monday the 27<sup>th</sup> day of September, 2010 and/or at any adjournment thereof, at the Registered Office of the Company.

Signed this .....day of .....2010.

Signature(s) .....



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.