



Hi-Tech Gears Limited
25th Annual Report 2010-2011



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

Plant III:

SPL - 146
Industrial Complex,
Bhiwani- 301019
Dist. Alwar, (Rajasthan)

Bankers

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

Registrar & Transfer Agent

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

Board of Directors

Sh. Deep Kapuria
Chairman

Mr. Anil Khanna
Independent Director

Mr. Sandeep Dinodia
Independent Director

Mr. P.C. Mathew
Independent Director

Mr. Vinit Taneja
Independent Director

Mr. Pranav Kapuria
Managing Director

Mr. Anuj Kapuria
Executive Director

Mr. Ramesh Chandra Jain
Additional Director

Senior Executives

Mr. Vijay Mathur
General Manager (Finance)

Principal Officer

Mr. S.K.Khatri
Company Secretary

Statutory Auditors

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

Internal Auditors

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

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 & Disclaimer

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



Chairman's Message

Dear Shareholders,

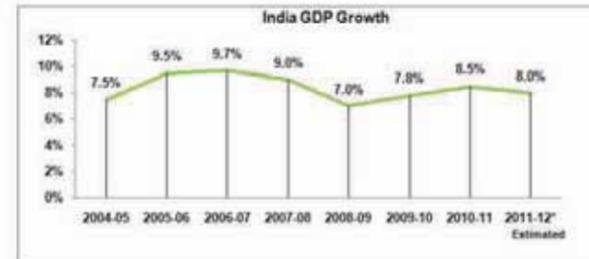
I am delighted to inform you that your Company is celebrating 25 years of its incorporation. The Company was incorporated in 1986 and production started in 1988. We can all look back now with pride as we have come through various transitional curves, many of them very challenging, to reach a distinguished and reputed position in the Automotive Industry. It is at this point that I would like to thank each and every one of the stakeholders for having faith in the Management of the Company and for being there through the challenging journey of 25 years. Obviously, your Company is not going to rest on its laurels but will continually strive to deliver excellence in each sphere of the Business Process.

The World Economy

Since 2008 a lot of transformational changes have taken place in the Global Economy, however there is still a long way to go. The TRIAD markets are still going through the restructuring process and have not found

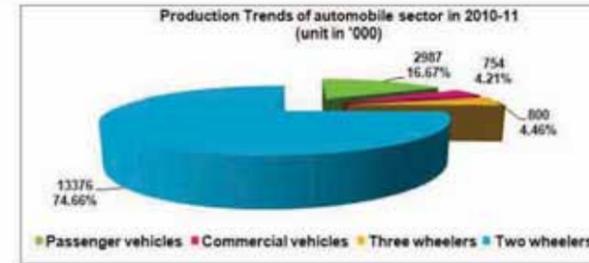
a sustainable answer to many ills troubling their economies. In today's world which is globally connected through trade and commerce, no market can remain unimpacted by the volatility in the major economies of the world. Although the developing countries, including the BRIC countries fared better than the rest, yet given the current situation, the entire global economy faces numerous challenges thrown up by inflationary pressures on commodities and food products.

India's growth dynamics were in contrast to the overall global scenario and India remained as one of the fastest growing economies registering growth of 8.5% during 2010-11. However, as we go into print, we hear of various downward revisions being made to India's growth forecast for 2011-12. The RBI has revised the growth forecast down to 8% for 2011-12 but other indications from various independent agencies speak of a growth estimate below 8% also.



The Indian Auto Industry

The Indian two-wheeler industry has shown strong volume growth over the last two years, having grown by 25% in 2009-10 by manufacturing 10.52 million units and 27% in 2010-11 to reach 13.37 million units. Further, with this growth vehicle production is estimated to increase three fold from 2009 to 2020. The rise in demand is led by various underlying factors including India's rising per capita income, increasing rural demand, growing urbanization, swelling replacement demand etc. However it is expected that rising interest rates, raw material & fuel prices will lower sales growth and the forecast for the automobile sector in the current financial year is 11 to 13% compared to the earlier projection of 12-15%. The lower growth forecasts are primarily for passenger vehicles and undoubtedly, any further increase in interest rates will adversely affect growth numbers for other segments also. Your Company is however hoping that the rural market, which is also a large and vibrant market, will sustain a reasonable growth for two wheelers.



Future outlook

Inflationary pressures, which are triggered by supply side factors, are now developing into a wider issue together with other factors like higher finance and input costs. Monsoon during this year is predicted to be below normal. A new industrial policy is on the cards and will hopefully address the ground level realities faced by manufacturing set ups in the industrial sector, so that the growth in the current year (2011-12) atleast matches the prior year.

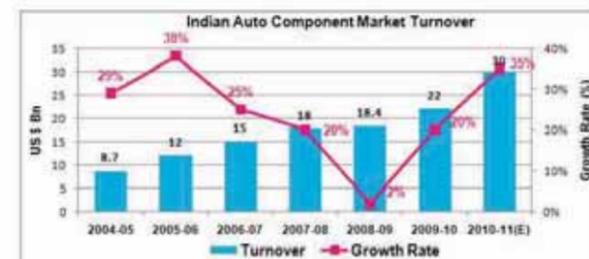
Uncertainty about the extent and pace of global recovery persists. Private spending in advanced economies continues to be constrained making it likely that economic stimuli in these economies will continue for a further period. Emerging Market Economies will also have almost the same position as in the previous year i.e growth in a restricted manner in selected industries.

On the cost front, the availability of key raw materials such as steel and energy at reasonable prices, inflation, lower demand etc will remain as a cause of concern.

The Indian automobile market and our outlook

The Indian automobile market has made its mark in the world by giving quality products at competitive prices. The Automobile and Auto Component sectors go hand in hand. With the robust growth in the automobile sector, the auto component sector has also flourished. There has been consistent growth in the auto component market in recent years and it is estimated that the auto component market is worth US \$ 30 billion in India.

Significant investments are being made by Indian OEMs and auto component manufacturers in order to increase their capacities and fill the gap between the supply and



demand. This has opened a new opportunity for your Company also to offer contemporary products to its export customers by upgrading its technology. As your Company now exports around 22% of its total sales, we have to focus on technological changes to keep abreast of various developments and be responsive to the market and specific customer requirements. Accordingly, we have recently acquired newer gear finishing technologies and we are further investing in world class and best-in class inspection/testing infrastructure for high quality products that can help in building up confidence of our esteemed customers in India and across the globe. This is because your Company believes that the long term outlook for the Auto Sector is still quite positive, especially in India.

Company Strategy

Your Company is now focusing on future technologies and sustainable manufacturing. In this connection, it is my pleasure to inform you that HGL has set up another state of the art plant, near the mother plant in Bhiwadi, Rajasthan which will soon be functional at its full capacity. This facility is an 'ECOFAC Plant', and is meant to be a sustainable green manufacturing plant.

The financial year 2010-2011 was an encouraging year in all aspects for the Company. The turnover of the company surpassed the Rs. 400 crore mark & touched Rs. 424.93 crores. The profit before tax was Rs.52.67 crores and the profit after tax stood at Rs. 35.04 crores. The Company has shared the gains among the shareholders of the Company by giving 1:1 Bonus Shares and 15% interim dividend. Your Board of Directors have further reviewed the cash position of the Company and have recommended a final dividend of 25% for your approval.

You must be aware that HGL is already one of the largest independent transmission manufacturing companies in the country and we are constantly updating and achieving best standards of technology to keep pace with the global requirements and make Hi-Tech a global brand. I would like to place on record my sincere gratitude to the entire Hi-Tech family for their dedicated and relentless hard work in the year that has gone by to enable the Company to achieve the success that it has.

Before I conclude, I would like to thank all our business partners for their continued support and belief in Hi-Tech's endeavors, and for being an active part of Hi-Tech's growth story. My sincere gratitude to my Board colleagues for their wise guidance from time to time. I wish that this journey will continue to be equally exciting and rewarding as we move ahead.

Deep Kapuria
Chairman



Managing Director's Message

Dear Shareholders,

It gives me immense pleasure to reach you through this 25th Annual Report. It has been a long time since I interacted with you and a lot of changes have taken place in the world around us since then. Therefore, it would perhaps be appropriate to briefly review the macro economic scenario first before looking at the Company's performance and outlook.

Macro Economic Scenario

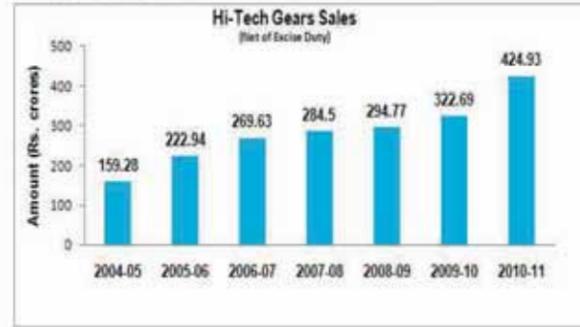
The world economy experienced very tough times since 2008 and the uncertainty persists even today. India & China have however stood out and have recovered faster than many other economies in the world. In the process they have even helped other economies to emerge from the global slow down.

India is now acting as a global manufacturing hub for manufacture of commercial vehicles, small & mid size cars and two wheelers. Rapid increase in sales of the small cars segment in India has prompted a number of global automobile companies to enhance their capacities for domestic as well as export markets. Additionally, there has been a steep increase in the sales of two wheelers and thus the Indian auto components industry is poised to grow in the current financial year also, though the rate of growth could be lower than prior years.

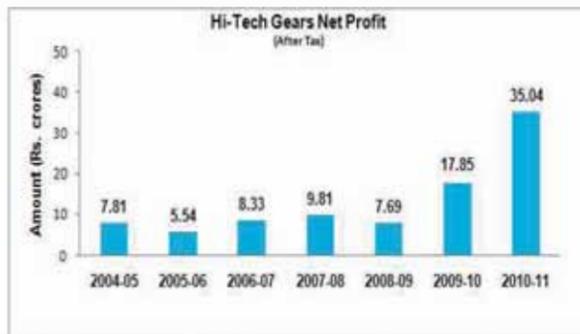
During the year under review the automobile industry grew at 27.45% and recorded total production of 17.92 million units. The two wheeler segment also grew at the same proportion and posted a total production of 13.37 million units. The Automobile sector is attaining new heights by manufacturing and selling more and more passenger cars and two wheelers. The sales have reportedly doubled in rural markets, where the leading two wheeler manufactures have been able to penetrate and reach out to hitherto untouched customers.

It is however expected that there will be greater competition in the two wheeler segment in the current year. Similarly, new models will be launched by the Car Manufacturers in the coming year to fight greater competition. At the same time there are also good opportunities for exports for the OEMs and Tier 1 manufacturers due to the combined benefits of comparatively lower material / labour cost and the advantages of competitive technology.

Company's performance and outlook



The financial year 2010-2011 was a milestone in the history of the Company and ended on an encouraging note. The turnover of the company crossed the Rs. 400 crore mark and touched a net turnover of Rs. 424.93 crores (Previous year Rs. 322.69 crores), recording an increase of 31.68%. The Net Profit (After tax) of the Company has increased from Rs. Rs.17.85 crores to Rs. 35.04 crores, recording an increase of 96.30 % as compared to the previous year.



The Company with its deep understanding of the market is now well placed to exploit growth opportunities resulting in an increase in the demand for its products. The Company posted an increase in the sales of all its business verticals during the year under review be it Two Wheeler components, or the T&EC & PTU business verticals.

In the recent past, we have won new businesses in UK & Brazil and our exports to the USA have also increased. As a result, the company posted strong export sales of Rs. 90.03 crores with an increase of 84% as compared to export sales of Rs. 48.89 crores in the previous year. As a result of all of the above, your company's dependence on the two wheeler segment has decreased as compared to the prior years.

We at HGL have understood the philosophy of sharing the gains with our stakeholders. Accordingly bonus shares were issued to the existing shareholders of the Company in the proportion of 1:1 by capitalising Rs.9.38 crores from the General Reserves during the year 2010-11 and now the total paid up share capital of the Company stands at Rs. 18.77 crores. Additionally the company also paid interim dividend of 15% on the increased share capital during the year under review and paid Rs. 2.82 crores. Encouraged with the performance of the Company I am pleased to report that the Directors have further recommended a final dividend of 25% i.e. Rs. 2.50 per equity share subject to the your approval at the ensuing Annual General Meeting resulting in a payout of Rs. 4.69 crores.

The Company continued to engage the services of Ernst & Young ('E&Y') to improve and establish suitable internal control systems with the purpose of safeguarding the Company's assets, promoting operational efficiency and ensuring compliance with various legal and regulatory provisions. The internal audits are conducted regularly during the year to check various business processes and adherence to laid down policies and procedures. Reports of the Internal Audits are regularly reviewed at the Audit Committee Meetings.

On the business front, the company is negotiating with several new customers. Some new products are also under development in tune with the Company's expertise in gear manufacturing and these are expected to add to the company's revenues in the years to come. Further, the Company continues to focus on cost reduction efforts and make improvements in operational efficiencies as well as value engineering activities to improve margins.

The future of the Company is full of opportunities and looks exciting and promising despite the headwinds being faced by almost all industries today. I thank and solicit continuous support from all the stakeholders including customers, vendors and our bankers. I also



wish to place on record my sincere thanks to my colleagues at all levels and the Board members for their valuable guidance.

Pranav Kapuria
Managing Director

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Milestones

Down the years



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 System
 2004 Prototyping/ productionising Precision Components for Robert Bosch, GM, Volvo and Daimler Chrysler



Hi-Tech Gears Ltd, Manesar

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



2010 TPM Excellence Awards Category A & Shingo Silver Medallion
 2011 New State of Art "ECOFAC" Plant setup in Bhiwadi



2011

A grid of logos for various companies, including Hero, TATA, GETRAG, LISTER PETER, BOSCH, CATERPILLAR, HONDA, GISIL, NEW HOLLAND, TAFE, Kestrel, GE Plastics, Whirlpool, ArvinMeritor, JCB, MWM, DAIMLER, WABCO, and Pentair.



DIRECTORS' REPORT

Dear Members,

Your Directors present the 25th Annual Report of your Company with great pleasure, together with the audited statement of accounts for the financial year ended 31st March, 2011.

Financial Results

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

Particulars	(Rs. in lacs)	
	2010-2011	2009-2010
Sales (net of excise duty)	42493.15	32269.86
Other Income	243.23	86.18
Total Income	42736.38	32356.05
Profits before Depreciation, Interest and Taxes (PBDIT)	7647.39	4846.94
Depreciation	1618.71	1260.72
Profits before Interest and Taxes (PBIT)	6028.68	3586.22
Financial Charges	761.52	887.07
Cash Profit (PBDT)	6885.86	3959.86
Profits before Taxes (PBT)	5267.16	2699.14
Provision for Taxes	1762.97	914.09
Profit after tax (PAT)	3504.19	1785.05
Balance of profit brought forward	3276.53	2238.07
Balance available for appropriation	6780.00	4020.57
Dividend	750.72	422.28
Tax on dividend	122.87	71.76
Transfer to General Reserve	400.00	200.00
Balance Surplus in P & L Account	5456.41	3276.53
Paid-up Equity Share Capital	1876.80	938.40
Earnings Per Share (EPS)	18.67	19.00

Operations

The year gone by proved to be a turnaround year for the performance of your company and very encouraging for exports. The revenues of the Company (net of excise duty) increased to Rs. 42736.38 lacs in 2010-11 as compared to Rs.32356.05 lacs in 2009-10, thus registering an impressive increase of 32.08%. The Net Profit (after tax) of the Company has increased from Rs. 1785.04 lacs to Rs. 3504.19 lacs, recording an increase of 96.31 % as compared to the previous year.

During the year your company allotted bonus shares to the existing shareholders of the Company in the proportion of 1:1 by capitalising Rs.938.40 lacs from the General Reserves, thus raising the paid up share capital of your company to Rs.1876.80 lacs. The earnings per share (EPS) was Rs.18.67 per equity share on the increased share capital for the year under review. In the prior year (2009-10) it was Rs.19.00 per share on the lower share capital of Rs. 938.40 Lacs.

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

Exports

During the year under review your Company recorded a total export turnover of Rs. 90.03 crores as compared to export sales of Rs. 48.89 crores in the previous year, thus registering an increase of 84% . The higher exports were made possible because your company penetrated the European and Latin American markets also in addition to US market.

Dividend

During the year, an interim dividend of 15% i.e. Rs. 1.50 per equity share on the increased share capital amounting to Rs. 281.52 lacs was declared and paid. The Directors have now recommend to the shareholders a final dividend of 25% i.e. Rs. 2.50 per equity share subject to the approval of the shareholders at the ensuing Annual General Meeting resulting in a payout of Rs. 469.20 lacs.

If the dividend on the shares as, recommended by the Board of Directors, is approved by the shareholders in their 25th 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, 2011. 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 15, 2011, as per the details furnished by the depositories for this purpose.

Credit Rating

The independent credit rating agency, 'Fitch' has upgraded HGL's rating to 'A (ind)', which reflects HGL's consistent revenue growth and an improvement in its profitability in the last four years supported by a decline in HGL's working capital cycle. Your company's net cash conversion cycle therefore improved from 19 days to 3 days.

Electronic Clearing Services (ECS)

As per the circular issued by Securities & Exchange Board of India (SEBI), companies should mandatorily



use the facility of Electronic Clearing Services (ECS), for distribution of dividends to its members. This facility provides to the members an opportunity to receive dividend amount directly in their bank accounts. For availing this facility, members holding shares in physical form may send their duly filled ECS mandate form to the Company's Registrar and Share Transfer Agent (RTA). Members holding shares in dematerialized form may kindly note that their bank account details as furnished to their depositories will be taken for the purpose of ECS and the Company. Shareholders who wish to change their bank account details are therefore requested to advise their depositories participants about such changes.

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

Postal Ballot

During the financial year 2010-11, no Special Resolution was required to be passed through postal ballot. At the forthcoming Annual General Meeting, there is no item for approval through Postal Ballot.

Code for Prevention of Insider Trading Practices

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

Trading Window

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

Code of Conduct

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

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

Secretarial Audit

M/s Grover Ahuja & Associates, practicing Company Secretary carried out the Secretarial Audit on quarterly basis to reconcile the total issued and listed share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Board of Directors confirms that the total issued and paid up capital as on 31st March, 2011 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 2010-11.

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 2011-2012 has been paid within the prescribed time period.

Dematerialization of the equity shares

98.59% of the total equity shares of the Company are held in dematerialized form with the participants of National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited as on the date of this report.

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

Directors

Recently, the Board of Directors of your company has been reconstituted with the induction of a new Additional Director, Mr. Ramesh Chandra Jain w.e.f August 10, 2011. The appointment of Mr. Jain is upto the forthcoming Annual General Meeting and the Board of Directors commends to the shareholders, his appointment as a Director of the Company.



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

A brief profile of the directors proposed to be appointed or re-appointed and the information pursuant to Clause 49 VI (A) of the Listing Agreement is being annexed to the Notice convening the 25th Annual General Meeting.

Auditors

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

The report by the Statutory Auditors is self explanatory. Please refer to the Notes to Accounts wherever necessary.

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:

- That the applicable accounting standards have been followed in the preparation of final accounts for the year ended March 31, 2011 and that there are no material departures.
- 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, 2011 and of the profit of the Company for the year ended on that date.
- 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

- That the annual accounts for the year ended March 31, 2011 have been prepared on a going concern basis.

Particulars of Employees

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

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

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

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

Details of Energy Conservation, Technology Absorption, Research & Development activities undertaken by the Company and foreign exchange earnings and outgo of the Company and other information in accordance with the provisions of Section 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.

Corporate Governance

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

Management discussion & analysis report

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

Trade Relations

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



Public Deposits

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

Personnel

The Board of Directors place on record their appreciation of the untiring efforts of the employees of the organisation at every level. The efforts to create a family like atmosphere continued through out the year. Like the many years gone-by, this year also witnessed increased cohesion among all levels of employees, which is evident from the performance of the Company. Training and Development of employees provided further impetus and have contributed towards the all round improved performance of your company.

Awards and Other Recognitions

Your directors have pleasure and feel privileged in reporting the award received by the Company during 2010-2011. The Details are provided in the Management Discussion & Analysis Report.

Acknowledgement

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

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

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

**Place: New Delhi
Dated: August 10, 2011**

**Deep Kapuria
Chairman**





MANAGEMENT DISCUSSION AND ANALYSIS FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2011.

The Macro Economic Environment

The Indian Economy emerged with remarkable rapidity from the slowdown caused by the global financial crisis of 2008-09. The economy experienced a more balanced and positive growth, aided by a solid recovery in Agriculture and continued good performance of Industry and Services. As per advance estimates of the Economic Survey of 2010-11, the growth was strong in 2010-11 with GDP growth at factor cost being 8.5%. The Indian economy is the second highest growing economy and the robust growth of 2010-11 can be ascribed to the following:-

- Increase in Exports (in terms of USD) by 34.4% while imports have grown by 14.1% only
- Six core industries comprising of crude oil, petroleum refinery products, coal, cement, electricity and steel grew by 5.8% as compared to 5.5% during 2009-10.
- Overall growth in the Index of Industrial Production (IIP) recorded as 8.2% as compared to 5.3% in previous year.
- Manufacturing growth was 8.8% and its share in GDP was 15.9%.
- 242 million tons of the food grains produced showing our self sufficiency in Agriculture.

We are hopeful that the economy will try to match the same growth in the next fiscal also. However rising fuel, metal & mineral prices and general inflation are putting pressure on the domestic economy. Food inflation in particular has remained a cause of concern for the economy. There is a need to be alert and prepared to take proactive steps as the emerging scenario warrants, with the objective of bringing down inflation.

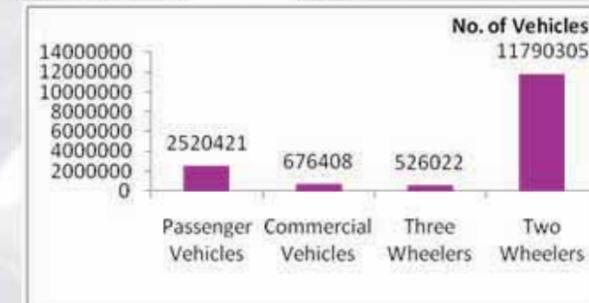
The world economy began to stabilise in the first half of the financial year 2010-11 after the aftermath of the global crisis in the previous years. Signs of recovery were clearly visible and were largely driven by the robust growth in the Emerging Market Economies. Growth in advanced countries was marginal and they continued to face uncertainty with large fiscal deficits, high public debt and high unemployment levels. However, the situation was better compared to the severe crunch faced in the prior year.

In the second half of 2010-11 the growth path was slow. Inflation and high commodity prices have re-emerged as a major concern equally in Emerging Market Economies as well as in developed countries.

World Trade

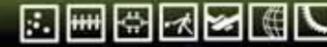
The trade growth recovered faster than the real GDP growth of the respective countries during the year 2010-11. This has been made possible, in part by the fiscal stimuli provided by the respective governments and the low base of the prior year. The extent of growth differs substantially across countries and world trade remains below its pre-crisis stage. In India, trade growth was among the best and even reached the pre crisis levels.

Industry & Segment dynamics



Domestic Sales Trends of the auto sector in 2010-11.

The Indian auto components industry has witnessed consistent growth over the last two fiscals. The factors



responsible are demand from the end user industry (i.e. OEMs), improved consumer sentiment, return of adequate liquidity in the financial system and the continuing partial fiscal stimulus provided by the Government.

Industry expects the trend of low automobile sales volume growth, and in turn the auto ancillary business growth is also to slow down in the current financial year as compared to the prior year especially for passenger cars and possibly for commercial vehicles, in view of the headwinds being faced by almost all industries today.

The long term prospects are however still bright and the demand will grow due to various underlying factors including India's rising per capita income, increasing rural demand, growing urbanization, swelling replacement demand etc.

Export Outlook

The year gone by proved to be encouraging for exports. The exports increased in line with the growth of the Indian economy. Even though exporters suffered due to the volatility in the exchange rate and the pressure of rising raw material cost, but the overall export remained satisfactory. The engineering exports grew at 84% in 2010-11, from US \$ 32.7 billion in the prior year



to US \$ 60.1 billion, which accounts for 25% of India's total exports.



Export Sales Trends of automobile sector

In the Auto sector, the overall export of automobiles in all categories in financial year 2010-11 is 2.34 million units as compare to 1.81 million units in the previous year, showing an increase of 29.28 percent. The major chunk in total exports remains with the two wheeler segment with 1.54 million units compare to 1.14 million units in the previous year. Due to the improved quality of the final product and competitive edge on the pricing issue the commercial vehicles' export growth rate is 69.51 percent and the total 0.27 million units. However, in passenger vehicle category the growth was very negligible.

For HGL, the financial year 2010-11 proved to be a year of significant improvement in performance. Further, HGL has penetrated the European and Latin American markets and registered total export sales of Rs. 90.03 crores with an increase of 84% as compared to export sales of Rs. 48.89 crores in the previous year. This has become possible as a result of Hi-Tech's constant endeavor to become a true 'global footprint' company.

Financial Analysis

The Company posted higher sales in the financial year 2010-11 and for the first time in its history the Company's turnover crossed the Rs. 400 crores mark. The net revenues of the Company increased to Rs. 424.93 crores as compared to 322.69 crores in 2009-10, registering an significant increase of 31.68%. This was due to rise in the sales of all the business verticals of the Company and its exports. The Profit after Tax (PAT) for the year 2010-11 was at Rs. 35.04 crores as compared to Rs. 17.85 crores in the previous year thereby registering a very impressive increase of 96.30%.

During the year the company allotted bonus shares to the existing shareholders of the Company in the proportion of 1:1 by capitalising Rs. 9.38 crores from the General Reserves. The company also paid interim dividend of 15% i.e. Rs. 1.50 per equity shares on the increased share capital. Keeping in view the financial



performance and availability of funds the Directors have further recommended a final dividend of 25% i.e. Rs. 2.50 per equity share subject to the approval of the shareholders at the ensuing Annual General Meeting resulting in a payout of Rs. 4.69 crores. The earnings per share (EPS) stood at Rs.18.67 per equity share on the increased share capital.

Risks & Outlook

There has been growing demand for the transmission auto components of the commercial vehicle segment, whereas the company has its position as a major auto component supplier to two wheeler OEMs. The Company does not treat this as risk but rather as an opportunity. In tune with this, the company has erected another plant, near the mother plant in Bhiwadi, Rajasthan and will commence the commercial production of transmission auto components for commercial as well as passenger vehicles.

Steel is the primary raw material for the products of the company, and is a very significant part of the cost of the final product. Rising steel prices continue to be a challenge and pose a threat to the margins of the company in this competitive auto component sector. The other major cost in production is energy cost. Presently the company is getting power from the State Electricity Board at Rs. 4.25 per unit and this cost is quite high.



To mitigate the risk, the Company continues to strive to improve its operational performance and develop new components, which are technologically superior and have an edge over the competitors. However, any further increase of steel prices may lead to reduction of margins. To address the energy cost, the company is implementing a process, whereby it is proposing to purchase electricity through the Electricity Exchange



by getting competitive quotes. If implemented properly, it will save considerable amounts spent on energy.

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 both domestic and export segments. The two wheeler component sales grew along with the sales of the other major business verticals viz T&EC & PTU. During the year the Company has been able to consolidate on its sales with the domestic as well as foreign customers.

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

Awards & Recognitions

The Company is committed to continue the TPM journey further and won several awards and certificates during the year. HGL was honored with the International Level Gold Award from QCFI ICQCC – 2010 in Hyderabad and Chapter level Gold Award from QCFI CCQC – 2010 in Delhi. The Company was also conferred 'Excellent Award' from QCFI – 2010 in Bangalore.



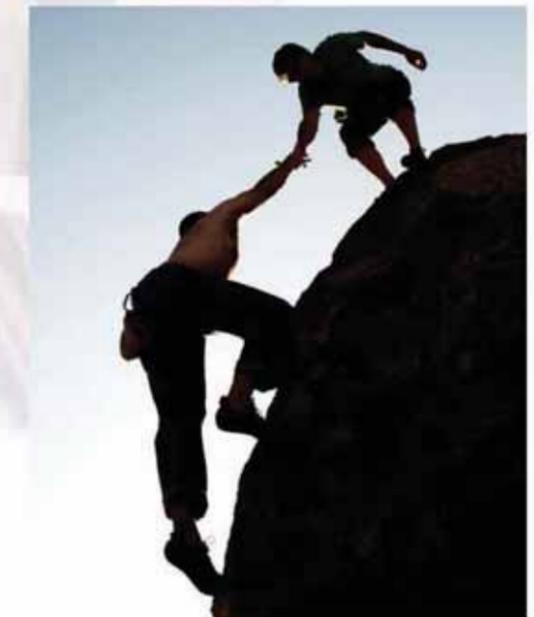
The Company has been awarded the 2nd prize in the Medium Business Category from Trident Quality Pioneer Award in North West Quality Tech Awards held in Chandigarh. The recognitions were made possible due to the total commitment of the management and active participation of all employees of Hi-Tech group.



Keeping in pace with the future growth of the auto component segment of the automobile industry HGL has set up another state of art plant in Bhiwadi, Rajasthan. This facility is unique in its sense and has been built as an 'ECOFAC Plant', i.e. a sustainable green manufacturing plant and is registered with the Indian Green Building Council as a pilot project and has all the features of safety and energy & water conservation, waste management etc.

Human Resources

Human resources being one of the most important factors of production, the company is initiating measures





towards competence and overall development of people at all levels to be future ready. In doing so, the Company is organising indoor & outdoor programs for their continued learning. The learning is not only for the benefit of the Company, but it is for the overall development as a human being.

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

Segment Reporting

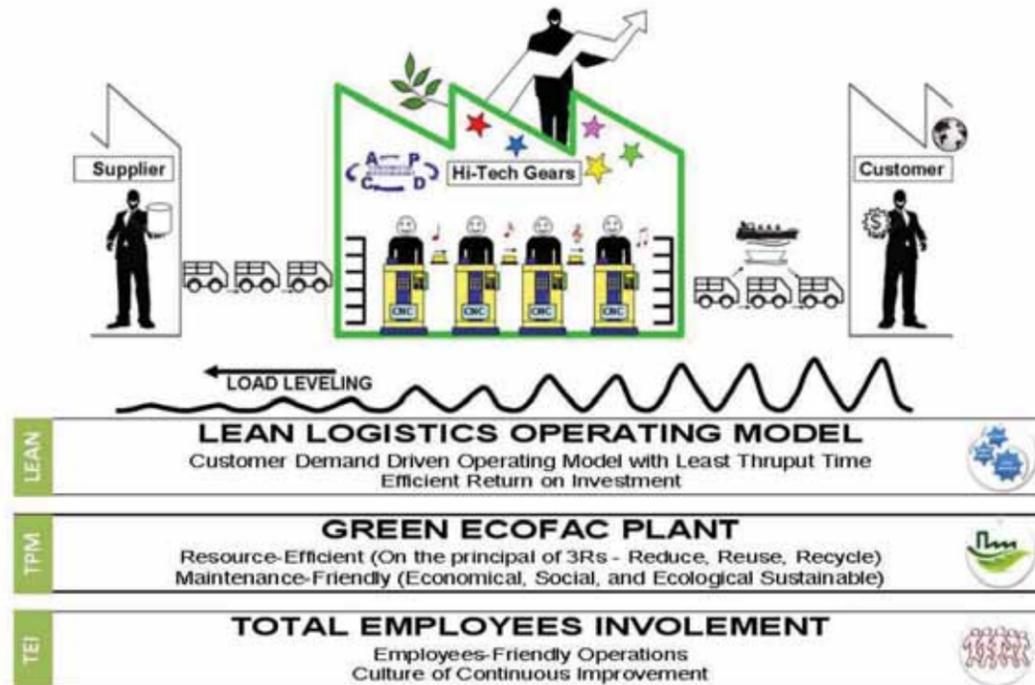
The Company is primarily engaged in the business of gears and transmission components. The inherent nature of both the activities is governed by the same set of risk and returns; hence these have been grouped as a single segment. The said treatment is in accordance with the principle enunciated in the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



Disclaimer

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

New Plant Philosophy



CORPORATE SOCIAL RESPONSIBILITY

The company is conscious of its corporate social responsibility (CSR) and takes initiatives for development of the community and society. We at Hi-tech Gears Limited ('HGL') assume the responsibility to act in a socially responsible manner. Our business activities are not only related to legal compliances but also to ethical values, respect for people, community and environment.

Societal Responsibility

HGL has taken many initiatives for improving and enriching the lives of people in our society at large. One such initiative is the continuous improvement and development of its adopted ITI at Hatin situated in Tehsil Tauru, Distt. Sohna, Gurgaon. The management has understood that education is the first move towards the betterment of society and with this view has taken the following measures during the year under review:

- A 100 KV Silent Generator is provided
- Security lights are provided for the campus
- Tube lights and fans are provided for the classroom to enable the students to study comfortably.
- Sufficient School furniture has been provided
- Financial aid provided for construction of bore well and girls rest rooms.
- Purchase of water cooler, RO System and Water Tank for the provision of clean drinking water.

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

- One dedicated Computer cabin was provided for Auto Cad.
- Purchase of LCD Projector, DVD Player, Teaching modules and reference Books.
- Launching a web site for the ITI being planned.

To deal with the in-depth requirement of social & educational needs, HGL is influencing its employees and customers to become socially responsible. On August 5, 2010 a blood donation camp was organised at Bhiwadi Plant in association with Bharat Vikas Parishad and Rotary Club to mark the birth day of our Chairman Mr. Deep Kapuria, in which 101 unit blood was donated. Senior Officers from the local Administration and Police also attended the camp organised by the company. The local media gave due coverage and appreciated the efforts made by the Company.





For the social activities undertaken by the Company, Nagar Vikas Nyas, the local Government body also acknowledged and awarded a certificate.

Environmental Responsibility

Environmental protection and its conservation has remained an area of growing importance for HGL. The Management is very focused on its responsibilities and has taken the following steps towards environment conservation :



- A numbers of plantation drives were initiated throughout the year. Our concentration was not only plantation but also the protection of the plants.
- Adopting environment friendly and safe processes.
- Reduction of unnecessary consumption and wastage.
- Encourage the process of recycling and reuse.

HGL has set up another state of art plant in Bhiwadi, Rajasthan. This facility is unique in its sense and is built as an 'ECOFAC Plant', i.e. a sustainable green

manufacturing plant and is registered with the Indian Green Building Council as a pilot project and has all the features of safety, energy & water conservation, waste management etc. It is based on all the modern concepts of Lean, TPM and TEI for best utilization of all production modules and promotes total employee involvement.



Similarly, many steps are being taken for the overall economic growth and development of the society at all its locations. Education and employment opportunities are being created among youths in tune with the expansion plans of the Company. There are many more initiatives planned for the coming years, as a commitment of HGL to all aspects of Corporate Social Responsibility.

Annexure-I

Statement of particulars of Employees pursuant to the provision of section 217(2A) of the Companies Act, 1956, as amended by Amendment Act, 1988, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forming part of the 25th Directors' Report for the financial year ended on March 31, 2011.

Name	Designation	Age	Nature of Employment & other Terms and conditions	Nature of Duties	Remuneration received (Rs.)	Qualification	Exp. (Yrs)	Date of Commencement of Employment	% of Equity shares held	Last Employment & Designation
Mr. Deep Kapuria	Chairman	61	Contractual appointed for a period of 5 year w.e.f. 01.01.2007	Overall Control and policy formulation	225.72 Lac.	*BE (Hons) from B.I.T.S., Pilani *Advance Management Programme from IIM (A) *Lead Assessor Course *Owner Management Programme from Harvard Business School	38	01.01.1987	3074769 (16.38%)	Business
Mr. Pranav Kapuria	Managing Director	35	Contractual appointed for a period of 5 years w.e.f. 01.08.2010	Overall control of day to day management of the Company	133.03 Lac	*B. Com (H) from Delhi University *MBA from Cardiff Business School *Certificate Program on Lean Manufacturing from University of Michigan	10	01.08.2000	819376 (4.37%)	With Hi-Tech Gears Ltd. as Director
Mr. Anuj Kapuria	Whole Time Director	32	Contractual appointed for a period of 5 years w.e.f. 15.05.2010	Overall control of day to day management of the Company	88.00 Lac.	*B. in Robotic and Automated Manufacture engineering from sussex university, U.K *Master's Degree in Robotics from Carnegie Mellon University	6	30.05.2005	819376 (4.37%)	With Hi-Tech Gears Ltd. as Director

Note:

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

ANNEXURE II

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

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

A. CONSERVATION OF ENERGY

The Company understands the responsibility and need to conserve energy and has taken up conservation of energy as a major thrust area by Plant Engineering and Services., Some of initiatives are as under:

- The Company has embarked on a project leading to power saving through equipment redesign especially in forging which is a major power consuming process. The cost of the project is Rs. 7.5 lacs
- Another aspect of power cost saving has been through improving power factor at Bhiwadi plant by an investment of Rs. 2.4 lacs
- 11 other improvement projects taken for energy conservation yielded savings of Rs.25.96 lacs for F.Y. 2010-11
- The company is also exploring the option of



purchasing power from other electricity providers through the Electricity Exchange. This should reduce the power cost in future.

- To ensure efficient and cost-effective operations and monitoring of energy consumption, additional energy meters have also been installed. These readings are regularly tracked and countermeasures taken wherever required to save energy.

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

HGL has set up another state of the art plant in Bhiwadi, Rajasthan. This facility is unique in its sense and built as an 'ECOFAC Plant', i.e. a sustainable green manufacturing plant and is registered with the Indian Green Building Council as a pilot project. Your new factory building has many energy conservation features. For example the building has been designed to maximize usage of natural light by providing large window openings, special false ceiling design, usage of FRP sheets on shop roof sheet, natural lighting cut-out in administrative building RCC roof. In addition to this, efficient energy fixtures have been used throughout. On HVAC, company installed the Variable Refrigerant Flow AC system which is highly energy efficient. To optimize the overall energy design, a modeling was also prepared and compared with ASHRAE/IESNA 90.1 – 2004 Baseline Model. As per submitted simulation results, your factory building design has a 20.5% lower energy use than the Base case (ASHRAE baseline).

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 harnessed and percolated down to the entire organization.

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

Research & Development were carried in product development, process development, energy conservation, environment protection, cost reduction and automation. In this process design and material database are continuously improved and enhanced.

- 'Gear Grinding' is one of the key finishing process technologies that have been fully absorbed by your company. This gear grinding technology is key for capturing newer business especially in view of new emission norms.
- Benefits derived with the installation of various additional equipments have made it possible to achieve consistency in production and quality of finished product.
- Future plan of Action
 - Reduction in process losses.
 - Development of new products
- Expenditure on Research & Development

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

C. FOREIGN EXCHANGE EARNINGS & OUTGO

The year gone by proved to be a very encouraging year for exports. Your Company increased its export by 84% compared to the previous year. The Company is continuously exploring more customers in export markets.

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

	(Rs. In lacs)
Inflow	9002.53
Outflow	
Capital Equipment	423.87
Others	08.16
Consumables	52.52

Annexure - III

Corporate Governance Report

Forming part of 25th 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 8 (Eight) members of which 5 (Five) are non-executive Directors having a pool of collective knowledge from various disciplines like engineering, finance, treasury, business management, corporate planning, etc. The Company has an Executive Chairman and the number of independent Directors are 4 (Four). Mr. Deep Kapuria – Executive Chairman is the father of Mr. Pranav Kapuria – Managing Director and Mr. Anuj Kapuria – Executive Director. All the remaining Directors except recently appointed Mr. Ramesh Chandra Jain are independent and not related to each others. Mr. Ramesh Chandra Jain is receiving consultancy fee from an Associate Company, thus not regarded independent in terms of the listing agreement. Mr. Deep Kapuria, Executive Chairman is assisted by Mr. Pranav Kapuria, Managing Director, and Mr. Anuj Kapuria Executive Director, who are overseeing the day-to-day operations of the Company. All Directors, Executive or Non-Executive, are professionally competent and experienced in their respective fields. The Details of Directors are as follows:-

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

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



** Mr. Ramesh Chandra Jain was appointed as an Additional Director in the meeting of the Board of Directors on 10th August, 2011.

including all public limited companies, whether listed or not (including Hi-Tech Gears Ltd.) and excluding private and foreign companies. The DIN of the respective Directors are provided in pursuant to Section 266 F of the Companies Act, 1956

Number of Board Meetings held during the year

During the year under review, the member of the Board have met 6 (Six) times to review, discuss and decide about the activities of business of the Company. The dates of the meetings are (1) May 15, 2010, (2) July 24, 2010, (3) October 27, 2010 (4) December 4, 2010, (5) January 31, 2011 and (6) March 14, 2011

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	6	Yes
Mr. Anil Khanna	5	No
Mr. Sandeep Dinodia	6	Yes
Mr. P C Mathew	5	No
Mr. Vinit Taneja	5	No
Mr. Pranav Kapuria	6	Yes
Mr. Anuj Kapuria	5	Yes

Directors appointment/ reappointment

Mr. Anil Kumar Khanna and Mr. Pranav Kapuria, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Mr. Ramesh Chandra Jain was appointed as the additional Director of the Company, whose confirmation as Director is also due at this ensuing Annual General Meeting. The particulars of Directors being appointed and re-appointed are given in the Explanatory Statement attached to the Notice of the Annual General Meeting of the Company.

Shares held by Non-Executive Director(s)

Mr. Vinit Taneja held 5600 equity shares as on 31st March, 2011. No other Non-Executive Director holds any equity shares as on that date.

III. Audit Committee

Brief description of terms of reference

The Audit Committee of your Company consists of three Directors. Two of the members are Independent & Non-Executive Directors viz., Mr. Sandeep Dinodia and Mr.

Anil Khanna, who are members of the Institute of Chartered Accountants of India, Further, the Company also complies with the provisions of Section 292A of the Companies Act, 1956, pertaining to the Audit Committee and its functioning. The scope of functions of the committee is in line with the listing agreement.

Meeting and attendance

The Audit Committee met 4 (Four) times during the financial year 2010-11 on the following dates (1) May 15, 2010, (2) July 24, 2010, (3) October 27, 2010 and (4) January 31, 2011

These meetings were attended by members as detailed below:-

Name	Position/ Composition	Independent/ Non Independent	No. of Meetings During the Tenure	No. of Meetings Attended
Mr. Sandeep Dinodia	Chairman & Member	Independent	4	4
Mr. Anil Khanna	Member	Independent	4	4
Mr. Anuj Kapuria	Member	Executive	4	4

Company Secretary acts as the secretary of the Audit Committee.

Powers of Audit Committee

Audit Committee shall have following Powers:-

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

Role of Audit Committee

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the half yearly and annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956

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

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 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.
- Discussion with internal auditors any significant findings and follow up there on.
- 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.
- 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.
- 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.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 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:-

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- 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 acts as the Secretary of the Remuneration Committee.

Meetings and attendance

The Remuneration Committee met Two (2) times during the financial year 2010-11 on the following dates (1) May 15, 2010 and (2) July 24, 2010.

These meetings were attended by members as detailed below:-

Name	Position/ Composition	Independent/ Non Independent	No. of Meetings During the Tenure	No. of Meetings Attended
Mr. Vinit Taneja	Chairman & Member	Independent	2	2
Mr. Sandeep Dinodia	Member	Independent	2	2
Mr. Anil Khanna	Member	Independent	2	2

Remuneration policy

The Chairman, Managing Director and the Whole Time Director are paid remuneration as approved by the Board of Directors on the recommendation of the remuneration committee. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the corporate world, financial position of the Company, etc. The remuneration structure of Executive Directors comprises of basic salary, commission, perquisites, allowances, contribution to provident fund and other funds, and commission, which



is in accordance with Section 198 and Section 309 of the Companies Act, 1956. The Non-Executive Directors do not draw any remuneration from the Company except sitting fees for attending Board & Committee Meetings, & commission @ 0.5% of Net Profits in a Financial Year for all Non-Executive Directors together.

(a) The Non-Executive Directors play an active role in the meetings of the Board and are associated with the Various Board Committees. They also bring independent judgment in the Board's deliberations and decisions. The details of the remuneration paid to the Chairman, Managing Director and Whole Time Director for the year ended March 31, 2011, are as under: -

(Amount in Lacs)

Name of Director	Designation	Salary	Perquisites	Commission	Total	Service Contracts (years)	Date of Commencement of contract
Mr. Deep Kapuria	Executive Chairman	60.24	8.33	157.15	225.72	5 Years	01.01.2007
Mr. Pranav Kapuria	Managing Director	25.60	2.59	104.84	133.03	5 Years	01.08.2010
Mr. Anuj Kapuria	Executive Director	16.88	1.39	69.73	88.00	5 Years	15.05.2010

Note:-

- Salary includes basic salary & HR, Perquisites includes medical, other perquisites, allowances and contribution to provident and other funds.
- Total Commission is @ 3% of the Net Profit in case of Mr. Deep Kapuria & 1.5% in case of Mr. Pranav Kapuria & Mr. Anuj Kapuria calculated in terms of section 198 & other applicable provision of Companies Act, 1956.
- The remuneration paid to Mr. Deep Kapuria, Chairman 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, 2011 are as under: -

No.	Name of the Non-Executive Directors	Sitting fees (Rs)	Commission	Total
1.	Mr. Anil Khanna	45,000	303,645	348645
2.	Mr. Sandeep Dinodia	60,000	303,645	363645
3.	Mr. P.C. Mathew	25,000	303,645	328645
4.	Mr. Vinit Taneja	35,000	303,645	338645
5.	Mr. Anuj Kapuria	10,000	-	10,000
	Total	1,75,000	1214580	1389580

Note: 1. No stock option scheme has been launched by the Company till date.

- Mr. Anuj Kapuria was appointed as Whole Time Director w.e.f. 15.05.2010, however, before his appointment he was drawing sitting fee.

V. (a) Investor Grievance Committee

Brief description of terms of reference

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

Composition, Name of Members and Chairman

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

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

The Company secretary acts as the secretary of the Committee.

Name and Designation of the Compliance officer

Mr. S.K. Khatri, Company Secretary

The shareholder complaint received, redressed & pending during the financial year 2010-11 is NIL.

Meeting and attendance

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

(b) Share Transfers Committee

The shares of the Company are traded in the compulsory Demat mode for all investors. All requests for physical share transfer and dematerialization of shares (if in order and complete in all respect) are processed and confirmed within a period of 21 days.

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

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

Mr. Deep Kapuria - Chairman

Mr. Pranav Kapuria - Managing Director

The Company secretary acts as the secretary of the Committee.

- The committee met 11 (Eleven) times during the year to consider the matters relating to transfer, transmission and transposition of shares, sub-division and consolidation of shares, replacement

of lost/stolen/mutilated share certificates and review of dematerialization and re-materialization of shares.

- As on 31st March, 2011 no equity shares were pending for transfer.

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 Passed
2009-10	September 27, 2010	11.00 A.M.	A-589, Industrial Complex, Bhiwadi - 301019 (Rajasthan)	Four
2008-09	September 22, 2009	11.00 A.M.	A-589, Industrial Complex, Bhiwadi - 301019 (Rajasthan)	One
2007-08	September 22, 2008	11.00 A.M.	A-589, Industrial Complex, Bhiwadi - 301019 (Rajasthan)	Nil

(b) No special resolution was passed by way of postal ballot during the year 2010-2011.

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

(d) Dividend history of last five years

S. No.	Financial year	Rate of Dividend	Date of Declaration
1.	2009-2010	Final - 45%	27-09-2010
2.	2008-2009	Final - 15%	22-09-2009
3.	2007-2008	Final - 30%	22-09-2008
4.	2006-2007	Interim - 15% Final - 10%	14-03-2007 17-09-2007
5.	2005-2006	Final -25%	11-09-2006

For the year 2010-11, the interim dividend @ 15% was declared on 14th March, 2011

VII Disclosures

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



(Amount Rs. in Lacs)

Related Party Transaction (AS-18) for the year 01.04.10 to 31.03.11

Particulars	Aquarian Fibrecement Pvt. Ltd.	Vulcan Electro Controls Ltd.	Getrag Hi-Tech Gears (India) Pvt. Ltd.	Hi-Tech Robotic Systemz Ltd.	Mr. Deep Kapuria	Mr. Pranav Kapuria	Mr. Anuj Kapuria	Independent Director & Non Executive Director
Nature of Relationship	Associate Company	Associate Company	Associate Company	Associate Company	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Rent	108.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sale of Goods	0.00	0.00	2740.14	0.00	0.00	0.00	0.00	0.00
Job work/ Services Provided	0.00	130.56	13.42	0.00	0.00	0.00	0.00	0.00
Job work/ Services Received	0.00	2308.74	0.00	151.47	0.00	0.00	0.00	0.00
Purchase Material	0.00	2.24	0.00	0.00	0.00	0.00	0.00	0.00
Director's Remuneration	0.00	0.00	0.00	0.00	217.39	130.44	86.61	12.15
Directors' EPF & Perquisites	0.00	0.00	0.00	0.00	8.33	2.59	1.39	0.00
Sitting fees to other Director	0.00	0.00	0.00	0.00	0.00	0.00	0.10	1.75
Balance As On 31.03.11 (Recoverable)	0.00	0.00	313.60	0.00	0.00	0.00	0.00	0.00
Balance As On 31.03.11 (Payable)	41.05	346.47	0.00	0.21	166.06	119.96	70.71	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.

3. 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.

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 Yes/No
I. Board of Directors	49(I)	
(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
II. Audit Committee	49 (II)	
(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
III. Subsidiary Companies	49 (III)	Not Applicable
IV. Disclosures	49 (IV)	
(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
V. CEO/CFO Certification	49 (V)	Complied
VI. Report on Corporate Governance	49 (VI)	Complied
VII. Compliance	49 (VII)	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 it takes the appropriate measures.

VIII. MEANS OF COMMUNICATION

1. The quarterly, half yearly and annual financial results and quarterly shareholding pattern are posted on the Company's official website i.e. www.hitechgears.com. As per the requirements of listing agreement, the Company also sends the same to Stock Exchange and upload on the corporate filing and dissemination System website of SEBI 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 except as required by the Listing Agreement mentioned in point 1 above.

5. The Company has not made any presentations to institutional investors or to the analyst during the year under review.

6. A Management Discussion and Analysis report is given separately which forms part of the Director's Report.

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

Financial Results	Newspapers	Date of Publication
Audited financial results for the quarter and year ended March 31, 2011.	• Business Standard • Dainik Lokmat	26.05.2011 26.05.2011
Unaudited financial results for the quarter ended December 31, 2010.	• Business Standard • Dainik Lokmat	01.02.2011 01.02.2011
Unaudited financial results for the quarter ended September 30, 2010	• Business Standard • Dainik Lokmat	28.10.2010 28.10.2010
Unaudited financial results for the quarter ended June 30, 2010	• Business Standard • Dainik Lokmat	25.07.2010 25.07.2010



IX. General Shareholder information

1. Annual General Meeting:	
25th Annual General Meeting of the Company will be held on Tuesday the 27 day of September, 2011 at 11.00 A.M at the Registered Office of the Company situated at A-599, Industrial Complex, Bhiwadi, Distt. Alwar, Rajasthan 301019.	
2. Financial Calendar for 2010-2011	
Results were announced on	
Financial Reporting for the 1 st quarter ended June 30, 2010.	July 24, 2010
Financial Reporting for the 2 nd quarter and 1 st half year ended September 30, 2010.	October 27, 2010
Financial Reporting for the 3 rd quarter ended December 31, 2010.	January 31, 2011
Financial Reporting for the 4 th quarter and year ended March 31, 2011.	May 25, 2011

Financial Calendar for 2011-2012 (tentative and subject to change)

Financial Reporting for the 1 st quarter ended June 30, 2011.	10th August, 2011 (2nd Week) (Already announced)
Financial Reporting for the 2 nd quarter and 1st half year ended September 30, 2011.	November, 2011 (2nd Week)
Financial Reporting for the 3 rd quarter ended December 31, 2011.	February, 2012 (2nd Week)
Financial Reporting for the year ended March 31, 2012.	May, 2012 (Last week)

HITECHGEAR,522073

Note: The listing fee for the year 2011-2012 has been paid to the Stock Exchanges within the stipulated time. Further the Company also confirms that the custodian fee for the year 2011-12 to NSDL & CDSL is also paid within the stipulated time period.

6. Market Price Data

Month	Bombay Stock Exchange Limited (BSE)		National Stock Exchange of India Limited (NSE)		
	Share Price (Rs.)	Volume (Nos.)	Share Price (Rs.)	Volume (Nos.)	
2010-2011	High	Low	High	Low	
April	184.50	175.00	197.95	120.15	398184
May	191.00	145.00	191.70	146.25	95086
June	188.50	158.15	188.45	153.25	46862
July	204.75	182.00	204.75	181.05	166921
August	213.70	181.25	214.70	181.05	127947
September	217.75	196.30	221.00	195.10	125002
October	281.10	201.90	282.00	195.10	427167
November	282.85	203.00	282.00	245.50	124678
December	135.75	97.00	144.50	98.10	3074438
January	125.55	100.75	125.00	102.10	105428
February	118.05	95.10	118.60	91.30	265935
March	111.95	101.15	112.40	100.30	125520

Annual General Meeting for the year 2010-11 (not to change)

3. Date of Book Closure

September 27, 2011

4. Dividend payment

September 16 to September 27, 2011
(Both days inclusive)

Final Dividend, if declared by the shareholders in the forthcoming Annual General Meeting, shall be paid as Rs.2.50 per share i.e. @25% to those shareholders whose name appears on the Register of members as on September 27, 2011.

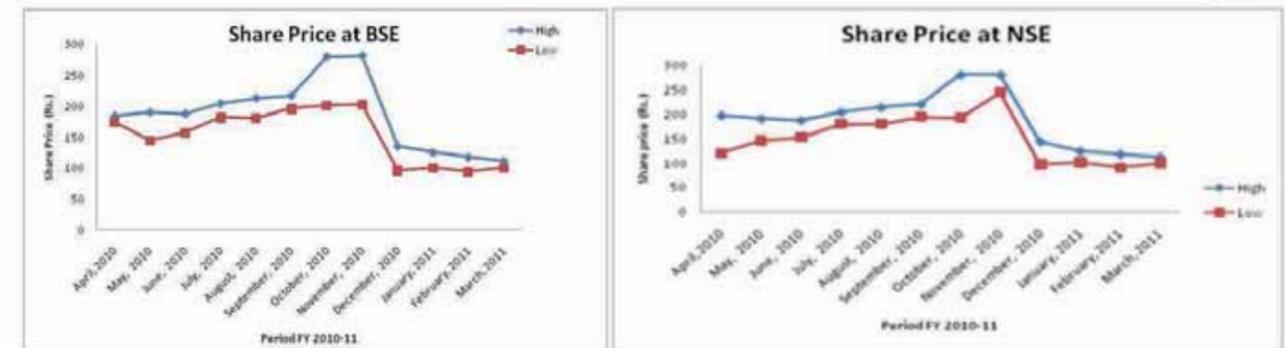
In respect of the shares held in electronic form, to those members whose names appear in the statements of beneficial ownership furnished by Depositories (NSDL/CDSL) as at the end of business hours on September 15, 2011.

5. Listing on Stock Exchanges

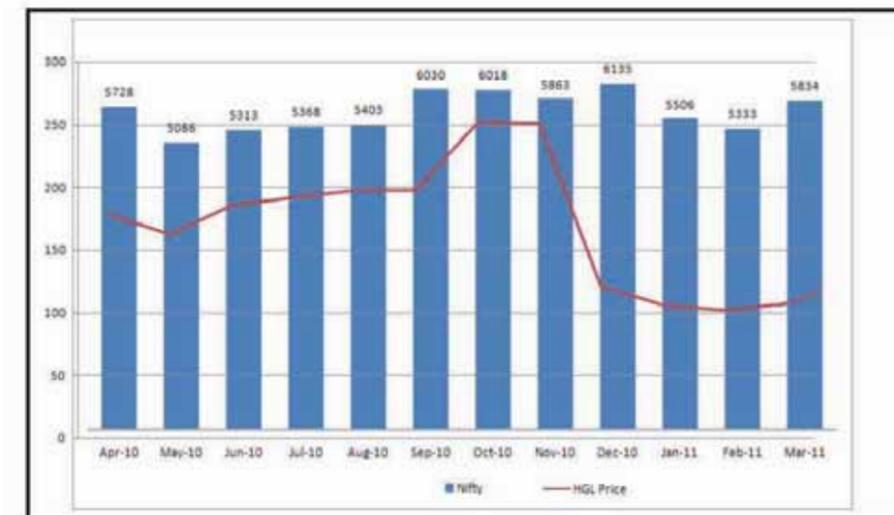
As on March 31, 2011 the equity shares of the Company are listed on the following Stock Exchanges:-

a.) National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot no. C-1, Block - G, Bandra - Kurla Complex, Bandra (E), Mumbai - 400051, India. Stock Code- HITECHGEAR, 522073

b.) Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai Stock Code -



7. Performance in comparison to Broad Based Indices:-



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

8. Registrar and Share Transfer Agent

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

MAS Services Limited

(Unit: Hi-Tech Gears Limited)
T-34, 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

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

9. Share Transfer System

The shares of the Company are traded in the compulsory demat mode for all investors. All physical share transfers, dematerialization etc are handled by MAS Services Ltd., Registrar and Share Transfer Agent of the Company and the request for physical share transfer and dematerialization of shares (if found in order and complete in all respect) are processed and confirmed within a period of 21 days.

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



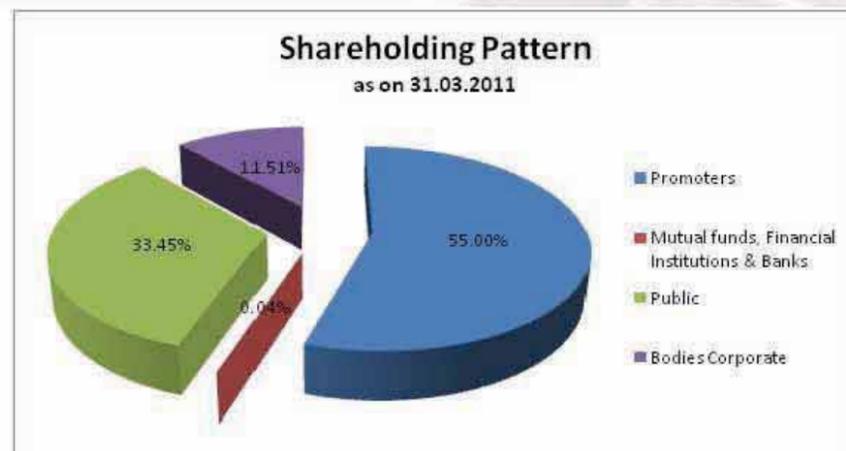
10. (a) Distribution of shareholding

As on March 31, 2011 the distribution of shareholding was as follows:

Shareholding of nominal value in Rs.	Shareholding		Shareholders	
	No. of Shares	Number	%	%
Up to 5000	384267	2805	2.047	76.306
5001 to 10000	299331	373	1.595	10.147
10001 to 20000	297202	192	1.584	5.223
20001 to 30000	176767	68	0.942	1.850
30001 to 40000	205420	55	1.095	1.496
40001 to 50000	116809	25	0.622	0.680
50001 to 100000	521673	66	2.780	1.795
100001 and above	16766531	92	89.336	2.503
Total	18768000	3676	100.000	100.000

(b) Category wise shareholding as on March 31, 2011

Category	No. of shares held	% of shareholding
Promoters & Promoter Group	10322317	55.00
Mutual funds	7400	0.039
Banks, Financial institutions, Insurance companies	4000	0.021
Foreign Institutional Investor	Nil	Nil
Private Corporate Bodies	2159614	11.507
Indian Public	4778719	25.463
Non Resident Indians/ Overseas Corporate Bodies	1470553	7.835
Clearing Member	25397	0.135
Grand Total	18768000	100.00



11. (a) Dematerialisation of shares and liquidity

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

The details of the equity shares of the Company dematerialized as on March 31, 2011 is given hereunder:

Particulars	As on March 31, 2011	
	No. of Shares	Percentage (%)
No. of Shares dematerialized		
-NSDL	17913809	95.45
-CDSL	588823	3.14
No. of shares in physical form	265368	1.41
Total	18768000	100.00

(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 2010-2011 is given below:-

	NSE	BSE
No of Shares	7635.00	6922.46
Value (in Rs.)	1637952.76	1268101.39

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

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

13. Plant Locations

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

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

14. Address for correspondence

a. Transfer/Dematerialization of shares and any other queries relation 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 Email: info@masserv.com

b. Queries related to Payment of dividend on Shares, Annual Report and others

Mr. S.K. Khatri
Company Secretary,
14th Floor, Tower-B, United's
Millennium Plaza, Shushant Lok-1,
Sector-27, Gurgaon, Haryana-122002
Tel. No: (0124) -4715100
Fax: (0124) -2806085
Email: secretaria@hitechgears.com

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

The Board of Directors has approved a Code of Conduct for Board Members and Senior Management Personnel of the Company. This code is also available on the website of the Company, www.hitechgears.com. In terms of revised Clause 49 of listing agreement, a confirmation from the Managing Director regarding compliance with the Code of Conduct by all the Directors and Senior Management is given along with this report.

16. CEO/CFO Certification

In terms of Clause 49 of the Listing Agreement, the certification by the CEO and 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 25, 2011. A copy of the same certificate dated 15.5.2010 is given along with this report.

17. Insider Trading Code

The Company has formulated a Code of conduct for prevention of Insider Trading pursuant to Securities and Exchange Board of India (Insider Trading) (Amendment) Regulations, 2002 to prevent practices of Insider trading. Mr. S. K. Khatri, Company Secretary has been designated as Compliance Officer for this purpose. Employees of the Company have affirmed compliances with the Insider Trade Code.

18. Legal Compliance

There were no cases of non-compliance by the Company and no penalties or strictures have been imposed on or proposed against the Company by the stock exchange (s) and/or SEBI and/or any other statutory authorities on matters relating to capital market. The Company has complied with the provisions of relevant Acts, Rules & Regulations framed there under during the year 2010-2011

By Order of the Board
For Hi - Tech Gears Limited

Place : New Delhi
Dated : August 10, 2011

Deep Kapuria
Chairman



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

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

We have examined the compliance of the conditions of Corporate Governance by Hi-Tech Gears Limited, for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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

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

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

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

For GUPTA VIGG & CO.
Chartered Accountants

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

Place : New Delhi
Date : 24.5.2011

COMPLIANCE WITH CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SR. MANAGEMENT PERSONNEL.

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

I, Pranav Kapuria, Managing Director of the Company hereby certify that the Board of Directors and the Sr. Management Personnel have affirmed compliance of the Code of Conduct of the Company for the Financial year 2010-2011.

For Hi-Tech Gears Ltd

Place: New Delhi
Date: March 31, 2011

Pranav Kapuria
Managing Director

Certification by CEO/CFO for Financial Year 2010-11

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

- (a) We have reviewed the financial statements and the cash flow statement for the financial year 2010-11 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken and/or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee, wherever applicable, the following:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Hi-Tech Gears Limited

For Hi-Tech Gears Limited

Place: Gurgaon
Date: 15.05.2011

Sd/
Vijay Mathur
General Manager (Finance)

Sd/
Pranav Kapuria
Chief Executive Officer



Excellent Award from QCFI-2010 in Bangalore



International Level Gold Award from QCFI CQCC-2010 In Hyderabad



Trident Quality Pioneer Award North West Quality Tech Award- Chandigarh (Medium Business Cat. - 2nd Prize)



Chapter Level Gold Award from QCFI CQCC-2010 in Delhi

AUDITORS' REPORT



To the Members of HI-TECH GEARS LIMITED

1. We have audited the attached Balance sheet of HI-TECH GEARS LIMITED as at 31st March 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 [as amended by the Companies (Auditor's Report) (Amendment) order, 2004.] issued by the Central Government of India in terms of sub-section(4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this

report are in agreement with the books of account.

- iv) In our opinion, the Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v) On the basis of the written representation received from the Director, as on 31st March 2011 and taken on record by the board of Director, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a 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, 2011.
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - c) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

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

Place : New Delhi
Dated : May 25, 2011,

(CA. KAWAL JAIN)
PARTNER
Membership No.089214



ANNEXURE REFERRED TO IN PARAGRAPH '3' OF THE AUDITORS' REPORT ON THE ACCOUNTS OF HI-TECH GEARS LIMITED FOR THE YEAR ENDED 31st MARCH 2011.

- (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 been physically verified by the management during the year except for furniture and fixtures and office equipments. No material discrepancies were noticed on such verification.
- (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.
- (e) The company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of The Companies Act, 1956. Hence Clause 4 (iii) (f) and Clause 4 (iii) (g) is not applicable.
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control.
- 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 31st March, 2011 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	Forum where dispute is pending
Asst. Commissioner of Commercial Taxes Deptt. Bhiwadi	Rajasthan Tax on Entry of Goods into Local Area Act, 1999	2007-08	1,716,840.00	Rajasthan High-court- Jaipur.
Asst. Commissioner of Commercial Taxes Deptt. Bhiwadi	Rajasthan Tax on Entry of Goods into Local Area Act, 1999	2008-09	1,351,717.00	Rajasthan High-court- Jaipur.
Dy. Commissioner of Commercial Taxes	Sales Tax	2009-10	745,283.00	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
FIRM REGN. NO. 001393N

Place : New Delhi
Dated : 25.05.2011

(CA. KAWAL JAIN)
PARTNER
Membership No.089214



BALANCE SHEET AS AT 31st March 2011

	Schedule No.	Current Year 31.03.2011 (Rs)	Previous Year 31.03.2010 (Rs)
SOURCES OF FUNDS			
A. Shareholders' Funds			
(i) Share Capital	1	187,680,000	93,840,000
(ii) Reserves & Surplus	2	1,048,274,882	890,512,993
B. Loan Funds :	3	540,608,671	485,924,351
C. Deferred Tax Liability	3a	102,224,071	105,952,242
		1,878,787,624	1,576,229,586
APPLICATION OF FUNDS			
A. Fixed Assets :			
Gross Block	4	2,603,352,800	2,318,979,919
Less : Depreciation		1,050,434,364	896,238,479
Net Block		1,552,918,436	1,422,741,440
Capital Work In Progress	5	275,658	52,870,569
B. Investments	6	40,500	40,500
C. Current Assets, Loans & Advances			
(i) Inventories	7	220,366,694	230,766,404
(ii) Sundry Debtors	8	306,797,308	379,708,490
(iii) Cash & Bank Balances	9	202,869,293	23,868,292
(iv) Loans & Advances	10	389,714,400	287,664,846
		1,119,747,695	922,006,032
D. Less Current Liabilities & Provisions	11	794,194,665	821,428,955
Net Current Assets		325,553,030	100,577,077
		1,878,787,624	1,576,229,586
NOTES ON ACCOUNTS	17		

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PER OUR REPORT OF EVEN DATE ATTACHED

FOR GUPTA VIGG & CO.

CHARTERED ACCOUNTANTS

FIRM REGN. No. 001393N

CA. KAWAL JAIN

PARTNER

M.No. 089214

PLACE: New Delhi

DATED: May 25, 2011

VIJAY MATHUR

GM (FINANCE)

S.K.KHATRI

COMPANY SECRETARY

DEEP KAPURIA

SANDEEP DINODIA

VINIT TANEJA

ANIL KHANNA

PRANAV KAPURIA

ANUJ KAPURIA

CHAIRMAN & WHOLE TIME DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

MANAGING DIRECTOR

WHOLE TIME DIRECTOR

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2011

		Current Year 31.03.2011 (Rs)	Previous Year 31.03.2010 (Rs)
INCOME			
Gross Operating Income	12	4,562,544,459	3,445,655,090
Less Excise Duty		313,229,316	218,668,438
Other Income	13	24,323,483	8,618,958
		4,273,638,626	3,235,605,610
EXPENDITURE			
Manufacturing Expenses	14	2,743,100,254	2,180,767,552
Other Expenses	15	765,799,412	570,143,682
Financial Expenses	16	76,152,313	88,707,678
Depreciation		161,870,642	126,072,693
		3,746,922,621	2,965,691,605
Profit For The Year Before Tax		526,716,005	269,914,005
Provision For Taxation		180,000,000	82,500,000
Provision For Deferred Tax		(3,728,171)	8,801,231
Provision For Wealth -Tax		25,000	-
Income Tax for earlier years		-	107,830
		350,419,176	178,504,944
Net Profit After Tax		350,419,176	178,504,944
Less: Prior Period Expenses		71,661	254,465
Balance of profit brought forward		327,653,083	223,807,253
Balance available for appropriation		678,000,598	402,057,732
APPROPRIATIONS			
Interim Dividend		28,152,000	-
Provision For Dividend		46,920,000	42,228,000
Corporate Dividend Tax (Interim)		4,494,470	-
Corporate Dividend Tax		7,792,830	7,176,649
Transferred to Corporate Social Responsibility Fund		5,000,000	5,000,000
Transferred to General Reserve		40,000,000	20,000,000
		545,641,298	327,653,083
Balance Carried over to Balance Sheet		678,000,598	402,057,732
Earning Per Share for Basic/Diluted		18.67	19.00
Adjusted Earning Per Share for Basic/Diluted		18.67	9.50
(Equity Share per value Rs. 10/- each)			
No. of equity shares considered for comparing Earning Per Share		18,768,000	9,384,000
NOTES ON ACCOUNTS	17		

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PER OUR REPORT OF EVEN DATE ATTACHED

FOR GUPTA VIGG & CO.

CHARTERED ACCOUNTANTS

FIRM REGN. No. 001393N

CA. KAWAL JAIN

PARTNER

M.No. 089214

PLACE: New Delhi

DATED: May 25, 2011

VIJAY MATHUR

GM (FINANCE)

S.K.KHATRI

COMPANY SECRETARY

DEEP KAPURIA

SANDEEP DINODIA

VINIT TANEJA

ANIL KHANNA

PRANAV KAPURIA

ANUJ KAPURIA

CHAIRMAN & WHOLE TIME DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

MANAGING DIRECTOR

WHOLE TIME DIRECTOR



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

	Current Year 31.03.2011 (Rs)	Previous Year 31.03.2010 (Rs)
SCHEDULE 1: SHARE CAPITAL		
A) AUTHORISED:		
20,000,000 Equity Shares Of Rs. 10/- Each (Previous Year -10,000,000 Equity Shares)	200,000,000	100,000,000
B) ISSUED, SUBSCRIBED AND PAID UP:		
18768000 (Previous Year 9,384,000) Equity Shares Of Rs 10/- Each Fully Paid Up	187,680,000	93,840,000
(Of the above shares 9,384,000 (previous year Nil) Equity Shares of Rs. 10/- Each fully paid up are allotted as fully paid up Shares by way of bonus shares by capitalising reserve)	187,680,000	93,840,000

SCHEDULE 2: RESERVES & SURPLUS

	As at 1st. April, 2010	Additions	Sub-Total	Deductions	As at 31st. Mar, 2011
CAPITAL RESERVES					
Central Investment Subsidy	1,500,000	-	1,500,000	-	1,500,000
State Capital Investment Subsidy	6,846,000	-	6,846,000	-	6,846,000
Revaluation Reserve - Land	317,301,647	-	317,301,647	15,657,846	301,643,801
REVENUE RESERVES					
General Reserve	238,927,991	40,000,000	278,927,991	93,840,000	185,087,991
Surplus-Being Balance in Profit & Loss Account	327,653,083	217,988,215	545,641,298	-	545,641,298
Corporate Social Responsibility Fund	5,000,000	5,000,000	10,000,000	1,000,000	9,000,000
Hedging Reserve	(6,715,728)	5,271,520	(1,444,208)	-	(1,444,208)
TOTAL	890,512,993	268,259,735	1,158,772,728	110,497,846	1,048,274,882

	Current Year 31.03.2011 (Rs)	Previous Year 31.03.2010 (Rs)
SCHEDULE 3: LOAN FUNDS		
1. SECURED LOANS		
FROM BANKS & FINANCIAL INSTITUTIONS		
A) Term Loans		
(i) ICICI ECB Loan(USD Nil, Previous Year USD 750,000)	-	34,282,500
(ii) SCB ECB Loan(USD Nil, Previous Year USD 200,000)	-	9,142,000
(iii) State Bank of India	31,580,000	78,880,000
(iv) Yes Bank Ltd	56,250,000	81,250,000
(v) DBS ECB \$4.5 Mn.(USD 4,500,000 Previous Year -USD 2,500,000)	203,445,000	114,275,000
(vi) SCB ECB \$4.4 Mn.(USD 4,400,000 Previous Year -USD Nil)	198,924,000	-
B) Working Capital Loans		
(i) Citi Bank -Packing Credit(USD-Nil)Previous Year-USD 216,525)	-	9,897,347
(ii) Citi Bank -NA	8,627,474	86,539,971
(iii) State Bank Of India	-	23,973,278
(iv) Standard Chartered Bank-Packaging Credit (USD-745,854 , Previous Year USD Nil)	33,720,060	-
(v) Standard Chartered Bank	-	28,078,864
C) Other Loans -(Medium Term)		
From Banks		
ICICI Bank Limited	7,820,481	608,858
HDFC Bank Ltd	241,656	381,542
2. UNSECURED LOANS		
(Sales Tax Deferment)	-	18,614,991
	540,608,671	485,924,351

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-passu 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	105,952,242	97,151,011
Provision For The Year	(3,728,171)	8,801,231
	102,224,071	105,952,242
		(Amt. in Rs.)

SCHEDULE 4: FIXED ASSETS

NAME OF ASSETS	Gross Block					Depreciation				Net Block	
	COST AS ON 01.04.2010	Additions During the Year	Deletions During the Year	AS-11 Impair- Addition	Total as on 31.03.2011	Depreciation as on 01.04.2010	Provided During the Year	Written Back During the Year	Total Dep as on 31.03.2011	W.D.V. as on 31.03.2011	W.D.V. as on 31.03.2010
A INVESTMENT IN TENANCY RIGHT	351,950	0	0	0	351,950	0	0	0	0	351,950	351,950
B LAND	300,488,658	0	16,159,687	0	314,328,971	0	0	0	0	314,328,971	300,488,658
C (i) BUILDING	167,080,384	106,168,347	0	0	273,248,731	33,260,611	4,940,532	0	38,201,143	235,047,588	133,820,173
(ii) RESIDENTIAL FLATS	5,755,011	0	0	0	5,755,011	989,022	93,807	0	1,082,829	4,672,182	4,765,989
D PLANT & MACHINERY	1,587,729,075	187,588,189	3,546,077	(187,662)	1,771,573,526	772,455,149	128,746,281	3,429,441	897,711,987	873,801,539	815,279,926
E FURNITURE & FIXTURE	21,553,627	56,1945	0	0	22,115,572	10,890,916	2,118,477	0	13,009,392	9,106,179	10,662,711
F OFFICE EQUIPMENTS	12,155,850	3,942,185	82,500	0	125,415,535	60,805,365	23,614,106	63,435	84,356,036	41,059,499	60,750,485
G VEHICLES	24,464,964	11,032,171	4,934,031	0	30,563,104	17,837,418	2,357,439	4,181,881	16,012,976	14,550,128	6,627,546
GRAND TOTAL	2,318,979,919	309,292,836	24,722,295	(187,662)	2,803,352,800	886,236,480	161,870,642	7,674,757	1,050,434,364	1,552,918,436	1,422,741,440
(A+B+C+D+E+F+G)											
PREVIOUS YEAR	2,169,809,410	162,657,747	3,110,830	10,376,808	2,318,979,919	772,061,098	128,072,888	1,895,312	896,236,479	1,422,741,440	1,397,748,312



	Current Year 31.03.2011 (Rs)	Previous Year 31.03.2010 (Rs)
SCHEDULE 5: CAPITAL WORK IN PROGRESS		
Machinery Under Ereclion	275,658	35,835,036
Building under construction	-	5,319,433
(Pre-Operative Expenses allocation to Fixed Asset during the year)		
Salary Wages & Perks	13,619,665	7,212,431
Power & Fuel	2,124,080	
Financial Expenses	6,349,981	3,688,287
Profit on exchange rate fluctuation	(5,057,548)	(280,592)
Travelling Expenses	1,252,582	393,972
Commission	3,280,559	
Other Expenses	1,719,117	702,002
	<u>23,288,437</u>	
Less: Capitalisation in proportion to direct capital cost		
Factory Building	12912277	
Plant & Machinery	10376160	
	<u>275,658</u>	<u>52,870,569</u>
SCHEDULE 6: INVESTMENTS (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 750 shares of Rs. 10 each, Market Value Rs. 390,900/- , (Previous Year Rs. 335,100/-)	40,500	40,500
	<u>40,500</u>	<u>40,500</u>
SCHEDULE 7: INVENTORIES (At Cost Or Market Price Whichever Is Lower As Valued And Certified By The Management)		
Finished Goods (At Cost or Realisable Value Which Ever is Less)	30,132,750	4,636,622
Stores, Spares & Loose Tools (At Cost)	54,414,565	48,311,029
Stock In Trade	71,148,038	119,514,241
Work In Progress (At Cost)	64,671,341	58,304,512
	<u>220,366,694</u>	<u>230,766,404</u>
SCHEDULE 8: SUNDRY DEBTORS (Unsecured Considered Good Unless Otherwise Stated)		
A) Debts Outstanding For A Period Exceeding Six Months Less: Provision For Doubtful Debts	11,963,777	20,300,944
	5,168,235	-
	<u>6,795,542</u>	<u>20,300,944</u>
B) Other Debts	300,001,766	359,405,546
	<u>306,797,308</u>	<u>379,706,490</u>
SCHEDULE 9: CASH & BANK BALANCES		
(i) Cash In Hand	122,800	170,011
(ii) Balances With Scheduled Banks		
In Current Accounts	14,422,705	13,410,120
In EEFC Accounts(GBP-54 USD- 0.59, Previous Year GBP 54 USD 54,689)	3,992	2,463,426
In Unpaid Dividend Accounts	1,207,150	543,889
In Margin Money Against Letter of Credit & Bank Guarantees	7,112,645	7,281,066
In Fixed Deposit Accounts	180,000,000	-
	<u>202,869,293</u>	<u>23,868,292</u>

	Current Year 31.03.2011 (Rs)	Previous Year 31.03.2010 (Rs)
SCHEDULE 10: LOANS & ADVANCES		
Unsecured Considered Good Unless Otherwise Stated		
a) Advances Recoverable In Cash or In Kind or for value to be received	137,449,295	122,841,570
b) Advance to Supplier	69,629,923	
Less: Provision for advances doubtful of recovery	<u>12,808,571</u>	<u>56,821,352</u>
c) Security Deposits	21,020,525	21,089,061
d) Advance Tax/Tax Deducted At Source	<u>174,423,228</u>	<u>89,003,505</u>
	<u>389,714,400</u>	<u>287,664,846</u>
SCHEDULE 11: CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
A) Sundry Creditors		
(i) Due To Micro & Small Scale Industrial Undertakings	3,519,476	2,961,250
(ii) Due To Others	320,852,359	559,465,649
B) Other Liabilities		
(i) Income Tax Deducted At Source	4,027,896	8,295,714
(ii) Interest Accrued But Not Due	3,245,661	3,002,115
(iii) Statutory Liabilities	6,588,620	5,406,396
(iv) Other Payables	188,537,041	88,506,571
(v) Advance From Customers	30,052,547	14,627,214
(vi) Unclaimed Dividend	1,207,150	543,669
PROVISIONS		
C) Fair Valuation loss on derivatives	1,444,208	6,715,728
D) Dividend	46,920,000	42,228,000
E) Provision for Tax	187,774,706	89,676,649
F) Wealth Tax	25,000	-
	<u>794,194,665</u>	<u>821,428,955</u>
SCHEDULE 12: OPERATING INCOME		
Sales	4,497,114,927	3,407,960,087
Exports Incentives	30,540,904	6,859,811
Job Work Charges	34,888,629	30,835,192
Income - Tax Deducted at source Rs. 20,09,332/- (Previous Year Rs. 2,822,985/-)	<u>4,562,544,459</u>	<u>3,445,655,090</u>
SCHEDULE 13 OTHER INCOME		
Profit On Sales Of Assets	2,807,252	-
Profit On Exchange Rate Fluctuation	7,769,534	-
Miscellaneous Income	80,643	180,600
Cash Discount	11,601,903	7,453,118
Interest Income	2,047,951	976,240
Income-Tax Deducted at source 554,004/- (Previous Year Rs. 107,689/-)		
Dividend Income	16,200	9,000
	<u>24,323,483</u>	<u>8,618,958</u>



	Current Year 31.03.2011 (Rs)	Previous Year 31.03.2010 (Rs)
SCHEDULE 14: MANUFACTURING EXPENSES		
Cost of Material Consumed	1,765,952,500	1,323,868,745
Stores & Spares Consumed	229,122,697	177,152,877
Job Work & other Expenses	590,704,926	495,415,320
Power & Fuel	154,071,670	134,659,385
Machinery Repairs	35,111,418	29,170,904
	<u>2,774,963,211</u>	<u>2,160,267,231</u>
Change in Work in Progress/Finished Goods	(31,862,957)	20,500,321
	<u>2,743,100,254</u>	<u>2,180,767,552</u>
SCHEDULE 15: OTHER EXPENSES		
Wages Salaries & Perquisites	409,852,240	328,811,835
Contribution To PF, ESI & Other Funds	19,891,176	18,516,766
Labour And Staff Welfare	25,574,893	18,557,907
Rent	23,606,894	24,551,485
Fees Rates & Taxes	4,730,296	835,644
Insurance	9,337,750	9,059,397
Auditor's Remuneration :		
- Audit Fee	500,000	500,000
- Out of Pocket Expenses	104,854	71,943
- In other Capacity	112,500	120,000
Directors Remuneration	46,458,424	28,042,959
Travelling Expenses	13,502,946	8,682,461
Directors Sitting Fees	175,000	220,000
Advertisement & Selling Expenses	221,710	515,993
Repair To Building	1,622,910	11,279,266
Bad Debts	10,601,099	1,383,385
Provision for doubtful Debts	17,976,806	-
Charity & Donation	334,186	168,000
Loss on Foreign Exchange Fluctuation	-	23,513,559
Loss on Sale of Assets	-	208,875
Previous Years Income Written Back	47,636,336	-
Other Expenses	133,559,391	95,104,207
	<u>765,799,412</u>	<u>570,143,882</u>
SCHEDULE 16: FINANCIAL EXPENSES		
Interest To Banks	32,964,256	45,456,200
Interest To Others	38,589,624	38,492,876
Bank Commission & Charges	4,598,433	4,758,602
	<u>76,152,313</u>	<u>88,707,678</u>

SCHEDULE 17**NOTES TO ACCOUNTS****1. Significant Accounting Policies.****a) Basis of accounting.**

- 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.
- 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 bases 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.



(a) Gratuity Plan

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

(b) Leave Encashment Plan

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

g) Sales:

The revenue from Sale of Goods is recognized on transfer of all significant risk & rewards of ownership to the buyer which coincides with dispatches of goods from factory to the customers in case of domestic sales. 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 31st March 2009, exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset w.e.f 1st April 2007 and depreciated over the balance life of the asset.

(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 (Net) is on account of timing difference in depreciation, 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 :

- A. Estimated amount of contracts remaining to be executed on capital accounts Rs. **106,830,418** after adjusting advances (Previous year Rs. **117,700,000**)
- B. Bank Guarantees issued in favour of Asst./ Dy. Commissioners of Customs, Mumbai & New Delhi for Export Obligation is Rs. **5,554,000** (Previous year Rs. **12,132,980**)

Opening	Released during Year	Fresh Guarantees during the Year	Closing
Rs. 12,131,980	Rs. 6,578,980	Nil	Rs.5,554,000

- C. Disputed statutory demands in appeals before Rajasthan High Court
Rajasthan Tax on Entry of Goods into Local Area Act 1999 , Rs1,716,840/- & Rs1,351,717/- for FY 2007-08 & 2008-09 respectively.
- 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) (Amt. in Rs.)

S.No.	Name of the Party	Category	Current Year		Last Year	
			Intt. On Late Pmt.	Balance as on 31.03.2011	Intt. On late Pmt.	Balance as on 31.03.2010
1	Accurate Engineering Co. Pvt. Ltd.	Small	-	376,210.05	-	392,562.00
2	Bansal Brothers	Micro	-	10,232.74	-	1,688.91
3	Bunty Chemical	Micro	-	71,129.01	-	97,070.51
4	Bhardwaj Engineering Services	Micro	-	70,540.62	-	178,255.96
5	N K Micro Pvt. Ltd.	Micro	-	-2,080.00	-	65,048.55
6	Narang Industries	Micro	-	959,303.06	-	745,089.76
7	R M Components pvt. Ltd.	Small	-	26,109.65	-	382,194.28
8	Superfine Component (P) Ltd.	Small	-	324,052.19	1,267	5,985.00
9	A.K. Creations	Micro	-	191,994.15	-	111,395.8
10	Bhagwat Wood Works	Micro	-	297,030.52	-	186,281.47
11	Chandra Prabhu Industries Pvt. Ltd.	Small	-	236,340.04	-	199,280.48
12	ESGI Tools Private Ltd.	Micro	-	399,397.04	-	491,761.24
13	Patel Engineering Works	Micro	-	558,245.84	-	222,668.34
14	URSS Tech Services Pvt Ltd	Small	-	970.92	-	82,368.00
Total			0.00	3,519,475.83	1,267.00	2,961,250.30

b) We have make payment to MSME within permissible time limit under Micro, Small & Medium Enterprises Development Act, 2006 during FY 2010-2011 so there is no interest due on MSME.

c) There is no interest due & payable to MSME as on 31.03.2011.

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

(Amt. in Rs.)

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)	32,384,324	25,281,281	5,91,19,941	47,756,939

7. The Company has leased facilities under operating leases. The future lease payments in respect these leases as at 31st March 2011 and 31st March 2010 are:

(Amt. in Rs.)

	31.03.2011	31.03.2010
a) not later than one year	18,157,936	18,397,762
b) later than one year but not later than five years	17,775,000	28,342,061
c) later than five years	NIL	NIL

8. Title of HSIDC plot no. 24, 25, 26, sector 7 IMT Manesar Gurgaon has not been registered in the name of the Company. HSIDC had allotted the land in the name of the Company vide its letter of allotment no. HSIIDC 1441 dated 10.07.2003.

9. Company opted for the option to follow principles of notification of the Companies (Accounting Standards) Amendment Rules 2006 on 31st March 2009. Thereby exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to/ deducted from the cost of the asset under the head "Addition" of Schedule 4 and depreciated over the balance life of the asset.

Accordingly, Rs. 197,661 have been deducted from the cost of fixed assets and the profit for the year is lower by Rs. 197,661.

10. The Company is primarily engaged in the business of gears and transmission components. Inherent nature of both the activities is governed by the same set of risk and returns, these have been grouped as a single segment in the above disclosures. Hi-Tech (E-Soft) is a division of the Company engaged in the business of engineering software solutions. Since this business is not required to be reported as per AS-17 on Segment Reporting, separate figures of the software division are not reported.

11. The Profit & Loss account of the Company includes a profit of Rs.77,63,423 (Net) (Previous year Loss of Rs. 2,35,13,559 (Net) on account of Foreign Exchange Fluctuation, details of the same are stated as below:-

Particulars	(Amt. in Rs.)
Profit/(Loss) Recognized on Foreign Currency Loans (Net)	389,501
Profit/(Loss) earned on Imports (Net)	0.00
Profit/(Loss) recognized on Exports (Net)	1,854,886
Profit/(Loss) on Options (Net)	5,692,559
Profit/(Loss) on Other expenses (Net)	(167,452)
Total Amount (Net)	7,769,534

12. During the year the company has allotted 9,384,000 Bonus equity shares of Rs.10/- each fully paid up in the ratio of 1:1, out of General Reserve.

13. A part of Land owned by Company situated at Village Sihi, Gurgaon was acquired during the year by the Government of Haryana and amount of Rs. 35,20,396 was received as compensation against 3 Kanal and 8 Marla land. Revaluation Reserve amounting to Rs. 1,56,57,846 pertaining to the acquired part of the land has been reversed.

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

Derivative financial instruments, which qualify for cash flow hedge accounting and where the Company has met all the conditions of effective Cash Flow hedge accounting, are fair valued at March 31, 2011. Consequently Hedging Reserve/Fair Valuation Loss on Derivative balances is reduced to Rs 1,444,208.(Previous Year Rs 6,715,728)

15. Related Party Disclosures (AS-18)

(a) Enterprise in which company has control-Nil

(b) Key Management Personnel

1 Sh. Deep Kapuria	Chairman&Whole Time Director
2 Sh. Pranav Kapuria	Managing Director
3 Sh. Anuj Kapuria	Whole Time Director

(c) Transactions with the related parties during the year are as per Annexure attached.

16. Earning Per Share (EPS)

Particulars	Current year 10-11	Previous year 09-10
Face value of Share	Rs. 10/-	Rs. 10/-
A) No. of Equity Share		
a) Basic	18,768,000	93,84,000
b) Adjusted	18,768,000	18,768,000
B) Net profit for the year after prior period expenses	Rs. 350,347,515	Rs. 178,250,479
EPS BASIC (B/a)	Rs.18.67	Rs.19.00
Adjusted EPS(B/b)	Rs.18.67	Rs. 9.50



17. Funded status of Gratuity Plan & Leave Encashment

The following tables set out the funded and unfunded status of the gratuity plan and leave encashment amounts recognized in the Company's financial statements as at 31 March, 2011:

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

Particulars	Current Year	Previous Year	Current Year	Previous Year
	Leave Encashment	Leave Encashment	Gratuity	Gratuity
Discount Rate	8.34%	7.00%	8.34%	7.00%
Rate of increase in Compensation Levels	8.00%	3.00%	8.00%	3.00%
Expected Rate of Return of Plan Assets	-	-	9.25%	9.15%
Expected Average Remaining Working Lives of Employees (Years)	20.76	20.96	-	-

(Amt. in Rs.)

Change in the present value of obligation:	Leave Encashment	Leave Encashment	Gratuity	Gratuity
Present value of obligation as at 01.04.10	10,873,126	7,381,431	34,139,640	24,511,493
Interest Cost	906,819	516,700	2,847,246	1,715,805
Past Service Cost	-	-	2,690,504	-
Current Service Cost	3,777,877	2,351,965	5,479,364	3,226,672
Benefits Paid	-6,537,174	-2,468,842	-2,546,278	-2,455,826
Actuarial (gain)/loss on obligations	10,448,440	3,091,872	16,802,316	7,141,496
Present value of obligation as at 31.03.11	19,469,088	10,873,126	594,12,792	34,139,640

Change in the fair value of Plan Assets:	Gratuity Funded	Gratuity Funded
Fair value of Plan Assets at 01.04.10	27,976,163	5,465,340
Actual Return on Plan Assets	2,827,775	428,682
Contributions	6,178,544	24,349,216
Benefits Paid	-2,546,278	-2,267,075
Fair value of Plan Assets at 31.03.11	34,436,204	27,976,163

(Amt. in Rs.)

Reconciliation of present value of defined benefit obligation and the fair value of assets	Gratuity	Gratuity
Present value of funded obligation as at 31.03.11	59,412,792	34,139,640
Fair value of Plan Assets as at the end of the period funded status	34,436,204	27,976,163
Present value of unfunded obligation as at 31.03.11	24,976,588	6,163,477
Unfunded Net Liability recognized in Balance Sheet	24,976,588	6,163,477

Expenses recognized in the Profit and Loss Account	Gratuity	Gratuity
Current Service Cost	5,479,364	3,226,672
Past Service Cost	2,690,504	-
Interest Cost	2,847,246	1,715,805
Expected Return on Plan Assets	(2,587,795)	(500,079)
Net Actuarial (Gain)/Loss recognized in the period	16,562,336	7,212,893
Total Expenses recognized in the Profit and Loss Account	24,991,655	11,655,291

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

(Amt. in Rs.)

Particulars	Current Year	Previous Year
Deferred Tax Liability due to timing difference of Depreciation	936,791	(3,494,259)
Deferred Tax Assets/(Liability) due to provision for Gratuity	0	(6,473,787)
Deferred Tax Assets due to provision for Leave Encashment	2,791,380	1,166,815
Total	3,728,171	(8,801,231)

Related Party Disclosure (AS-18)
as on 31.03.2011

(Amt. in Rs.)

Particulars	Aquarian Fibrecement Pvt. Ltd.	Vulcan Electro Controls Ltd.	Getrag Hi-Tech Gears India Pvt. Ltd.	Hi-Tech Robotic Systemz Ltd.	Mr. Deep Kapuria	Mr. Pranav Kapuria	Mr. Anuj Kapuria
		Total	Total	Total			
Nature of Relationship	Associate Company	Associate Company	Associate Company	Associate Company	Key Management Personnel	Key Management Personnel	Key Management Personnel
Rent	10,800,000	-	-	-	-	-	-
Sale of Goods	-	-	274,014,028	-	-	-	-
JW/Services provided	-	13,056,218	1,342,326	-	-	-	-
Job Work/Service Recvd.	-	230,873,916	-	15,147,386	-	-	-
Purchase Material	-	224,426	-	-	-	-	-
Director's Remuneration	-	-	-	-	21,739,113	13,043,918	8,661,234
Sitting fees	-	-	-	-	-	-	10,000
Total Payable	4,105,400	34,647,121	-	20,692	16,606,349	11,996,795	7,071,219
Total Recoverable	-	-	31,360,364	-	-	-	-



19 ADDITIONAL INFORMATION PURSUANT TO PARA 3 & 4 OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

	CURRENT YEAR 31.03.2011		PREVIOUS YEAR 31.03.2010	
	QUANTITY	VALUE Rupees	QUANTITY	VALUE Rupees
19.1 TURNOVER				
Transmission Components	40605280 Pcs	4,121,320,781	37674000 Pcs	3,131,233,945
Scrap	5537500 KG	89,090,972	4364070 KG	62,474,240
Others		4,014,762		2,443,275
Job Work Sales		34,888,629		30,835,192
19.2 RAW MATERIAL CONSUMED				
High Carbon High Chromium Steel	30483462 KG	1,765,952,500	23998970 KG	1,323,868,745
19.3 VALUE OF STORES, SPARE PARTS & COMPONENTS CONSUMED		229,122,697		177,152,877

(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)

19.4 PARTICULARS OF OPENING STOCK, SALES AND CLOSING STOCK OF FINISHED GOODS

	OPENING STOCK		SALES		CLOSING STOCK			
	CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
	Qty. Nos	Value Rs.	Qty. Nos	Value Rs.	Qty. Nos	Value Rs.	Qty. Nos	Value Rs.
Gear box tra n components	14930	4,636,622	400	268,199	40605280	4,121,320,781	37659470	3,131,233,945
Steering Worms & Gas assembly					364345	30,132,750	14930	4,636,622.00

19.5 INSTALLED CAPACITY & ACTUAL PRODUCTION

	INSTALLED CAPACITY		ACTUAL PRODUCTION	
	AS ON		AS ON	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
GEAR BOX AND TRANSMISSION COMPONENTS				
STEERING WORM & GAS ASSEMBLY	5000000 Pcs.	4500000 Pcs.	40954695 Pcs	37674000 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.

19.6 VALUE OF IMPORTS CALCULATED ON CIF BASIS

	RS 31.03.2011	RS 31.03.2010
Consumable Stores	5,252,134	1,617,374
Raw Material	0.00	374,080
Capital goods	42,386,886	66,693,230
Softwares	0.00	1,010,887

19.7 EXPENDITURE IN FOREIGN CURRENCY

Foreign Travel Expenses	3,367,402.50	2,340,816.00
Training & Seminar	3,649,842.36	2,747,305.42
Subscription	292,251.10	23,835.90
Technical services	221,098.20	-
E C B Interest	7,599,443.36	3,602,515.75
E C B Loan Repayment	43,858,250.00	80,973,000.00
Professional Services	1,029,118.48	4,370,528.99

19.8 EARNING IN FOREIGN EXCHANGE

(Exports at F.O.B. Value)	908,252,501	488,919,066
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19.9 IMPORTED AND INDIGENOUS RAW MATERIAL, COMPONENTS, STORES & SPARES CONSUMED

	IMPORTED		INDIGENOUS	
	CURRENT YEAR 31.03.2011	PREVIOUS YEAR 31.03.2010	CURRENT YEAR 31.03.2011	PREVIOUS YEAR 31.03.2010
STORES & SPARES (VALUES IN Rs)	5,252,133.83	1617373.89	223,870,563.24	175,535,503.11
PERCENTAGE	2.29%	0.91%	97.71%	99.09%
RAW MATERIAL (VALUE IN Rs)	0.00	374,080.18	1,765,952,500.23	1,323,494,664.82
PERCENTAGE	0.00%	0.03%	100.00%	99.97%

(Amt. in Rs.)

19.10 PAYMENT TO DIRECTORS

	Current Year	Previous Year
Remuneration	10,271,742.31	7,360,000.00
Commission	35,725,690.00	19,736,957.42
Perquisites	460,992.00	346,001.12
Contribution to Provident Fund	770,381.00	597,000.00
Directors' sitting fees	175,000.00	220,000.00

19.11 CALCULATION OF MANAGERIAL REMUNERATION FOR THE FINANCIAL YEAR 2010-2011

Computation of Net Profit in accordance with Section 309 (5) of the Companies Act., 1956

	Current Year	Previous Year
Profit before Tax as per P & L Account	526,716,005	269,914,005
Less: Prior period expenses	71,661	254,465
Less: Profit on sale of Fixed Asset	2,807,252	-
Added Back :-		
HSIDC Subsidy	-	5,346,000
Total	523,837,092	275,005,540
Computation of Commission to Director		
a) Commission on Profit to Chairman	15,715,113	9,109,365
b) Commission on Profit to Managing Director	10,483,918	9,109,365
c) Commission on Profit to whole time Director	6,973,492	-
c) Commission on Profit to other Director	2,553,168	1,510,227
Total Commission payable to Directors	35,725,690	19,736,957

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

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

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PER OUR REPORT OF EVEN DATE ATTACHED

FOR GUPTA VIGG & CO.

CHARTERED ACCOUNTANTS

FIRM REGN. No. 001393N

VJAY MATHUR

GM (FINANCE)

DEEP KAPURIA

SANDEEP DINODIA

VINIT TANEJA

ANIL KHANNA

PRANAV KAPURIA

ANUJ KAPURIA

CHAIRMAN & WHOLE TIME DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

MANAGING DIRECTOR

WHOLE TIME DIRECTOR

CA. KAWAL JAIN

PARTNER

M.No. 089214

S.K.KHATRI

COMPANY SECRETARY

PLACE: New Delhi

DATED: May 25, 2011



CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2011

	Current Year 31.03.2011	Previous Year 31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax & Extraordinary Items	526,716,005	269,914,005
Adjustment for-		
Depreciation	161,870,642	126,072,693
Dividend Income	(16,200)	(9,000)
Interest Expenses	76,152,313	68,707,679
Exchange Fluctuation (unrealised Profit)/ Unrealised Loss	2,692,419	2,297,707
Interest Income	(2,047,951)	(976,240)
Profit on sale of Assets	(2,807,252)	(208,875)
Operating Profit Before Working Capital Changes	762,559,976	465,797,969
Adjustment for		
(Increase)/ Decrease in Debtors	70,015,606	(112,188,084)
(Increase)/ Decrease in Inventories	10,399,709	47,259,098
(Increase)/ Decrease in Other Current Assets, Loans & Advances	(23,436,033)	1,480,777
Increase/ (Decrease) in Current Liabilities & Provisions	(126,264,511)	95,285,206
Cash Generated From Operations	693,274,747	517,634,965
Direct Taxes Paid	(160,515,463)	(75,231,490)
Cash Flow Before Extraordinary Items	532,759,284	442,403,475
Extraordinary Items (Preliminary Expenses Written Off)	-	-
Net Cash From Operating Activities	532,759,284	442,403,475
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets & CWIP	(272,902,111)	(154,813,929)
Sale of Fixed Assets	20,598,790	1,215,518
Purchase of Investments	-	-
Sale of Investments	-	-
Interest Received	2,047,951	976,240
Dividend Received	16,200	9,000
Net Cash from Investing Activities	(250,239,170)	(152,613,171)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Issue of Share Capital	-	-
Proceeds from Long Term Borrowings	288,094,000	114,275,000
Net Proceeds From Short Term Borrowings	(106,141,926)	(77,436,129)
Repayments of Long Term Borrowings	(127,267,754)	(204,618,560)
Repayments of Finance Lease Liabilities	-	-
Dividend Paid	(82,051,119)	(16,468,216)
Interest paid	(76,152,313)	(68,707,679)
Net Cash used in Financial Activities	(103,519,113)	(272,955,584)
Net Increase in Cash and Cash Equivalents (A+B+C)	179,001,001	16,834,721
Opening Balances	23,868,292	7,033,571
Closing Balances	202,869,293	23,868,292

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

VIJAY MATHUR GM (FINANCE)	DEEP KAPURIA SANDEEP DINODIA VINIT TANEJA ANIL KHANNA	CHAIRMAN & WHOLE TIME DIRECTOR DIRECTOR DIRECTOR DIRECTOR
S.K.KHATRI COMPANY SECRETARY	PRANAV KAPURIA ANUJ KAPURIA	MANAGING DIRECTOR WHOLE TIME DIRECTOR

PLACE: New Delhi
DATED: May 25, 2011

Auditor's Report

We have checked the attached cashflow statement of HI-TECH GEARS LTD. for the year ended on March 31, 2011 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. 089214

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I. Registration Details	Registration No. 4536	State Code 17	Refer code list)
	Balance Sheet Date	31	2011
		Date	Month
			Year
II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	93,840	Private Placement	Nil
Conversion	Nil	Warrants	Nil
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNTS IN THOUSANDS)			
Total Liabilities	1,878,787	Total Assets	1,878,787
Sources of Funds			
Paid up Capital	187,680	Reserves & Surplus	1,048,275
Secured Loans	540,609	Unsecured Loans	-
Deferred Tax Liability	102,224		
Application of Funds	1,878,787		
Net Fixed Assets	1,553,194	Investments	40
Net Current Assets	325,553	Misc. Expenditure	-
Accumulated Losses.	-		
IV. PERFORMANCE OF COMPANY			
(Amount in Rs. Thousands)			
Turnover	4,273,639	Total expenditure	3,746,923
Profit/Loss before Tax	526,716	Profit/Loss after Tax	350,419
Earning per share in Rs.	18.67	Dividend rate	25%
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 Intelligence Statistics, Calcutta-700001.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

VIJAY MATHUR GM (FINANCE)	DEEP KAPURIA SANDEEP DINODIA VINIT TANEJA ANIL KHANNA	CHAIRMAN & WHOLE TIME DIRECTOR DIRECTOR DIRECTOR DIRECTOR
S.K.KHATRI COMPANY SECRETARY	PRANAV KAPURIA ANUJ KAPURIA	MANAGING DIRECTOR WHOLE TIME DIRECTOR

PLACE: New Delhi
DATED: May 25, 2011



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 : Tuesday the 27th day of September, 2011 at 11.00 A.M.
Venue : A-589, Industrial Complex,
Bhiwadi - 301019
District Alwar, Rajasthan

Book Closure Dates

September 16 to September 27, 2011 (both days inclusive)

Dividend

The Board of Directors have recommended dividend of Rs. 2.50 per equity share (@ 25%) subject to the approval of the members in Annual General Meeting on 27th day of September, 2011.

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, 2011. 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 15, 2011, 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 25th Annual General Meeting of the Company will be held on Tuesday the 27th day of September, 2011, at 11.00 A.M., at the Registered Office of the Company, at A-589, Industrial Complex, Bhiwadi – 301019 (Rajasthan), to transact the following businesses:-

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2011 and the Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
- To declare dividend on equity shares.
- To appoint a Director in place of Mr. Anil Kumar Khanna who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Pranav Kapuria who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESSES

6 Re-appointment of Mr. Deep Kapuria, as Chairman & Whole Time Director of the Company, to be designated as Executive Chairman 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. Deep Kapuria as Chairman & Whole Time Director, to be designated as Executive Chairman of the Company, for a term of five years w.e.f. 01st January 2012 to 31st December, 2016 with payment of remuneration at the terms and conditions set out below:-

- Salary:** Rs. 3,80,000/- per month for the 1st 15 months i.e. from 01st January, 2012 to 31st March, 2013 and thereafter with increase @12.5% p.a. for the remaining term of his appointment.
- Commission:** Upto 3.0% of the net profit of the company computed in the manner specified in section 198 of the Companies Act, 1956.

3. Perquisites : as under :-

- Housing: The expenditure on hiring the furnished accommodation will be subject to a ceiling of 60% of the salary, over and above 11% 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.
- Gas, Electricity, Water, Security, furnishing etc.: The expenditure on Gas, Electricity, water, Security and furnishing shall be valued as per Income Tax Rules, 1962, subject, however, to the ceiling of 10% of the salary.
- 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.
- 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.
- Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- Personal Accident Insurance: Premium not exceeding Rs. 10000/- per annum.
- Provident Fund: Company's contribution towards provident fund not exceeding 12% of the basic salary per month.
- Gratuity: Not exceeding half month's salary for every completed year of service.
- Earned/Privilege Leave: One month leave with full salary and perquisites for every eleven month.
- Use of Car: Free use of company's Car with driver for the business of the company.
- Telephone: Free use of telephone for him and at his residence. However, long distance personal calls shall be billed to him by the company.

RESOLVED FURTHER THAT the aggregate remuneration of the Chairman & 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".

7 Appointment of Mr. Ramesh Chandra Jain as the Director of the Company.

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

"RESOLVED THAT Mr. Ramesh Chandra Jain, who was appointed as an Additional Director of the Company in the meeting of the Board of Directors held on August 10, 2011 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and the provisions of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 proposing his candidature to the office of the director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. Increase of the sitting fee for attending Board & Committee meeting to Non-Executive Director.

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

"RESOLVED THAT Pursuant to the provisions of the section 310 & other applicable provisions of the Companies Act, 1956, the sitting fees of each Non-Executive Director of the Company for attending a meeting of the Board or a Committee thereof be increased to Rs. 10,000/- per meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase the sitting fees from time to time within the overall limit as prescribed in the provisions of the Companies Act, 1956 & Rule 10B of General Rules & Forms."

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

Sd/-

**S.K. Khatri
Company Secretary**

**Place : New Delhi
Date : 10 August, 2011**

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 16, 2011 to September 27, 2011 (both days inclusive).

3 If final dividend on shares is approved at the Annual General Meeting, payment of such dividend will be made to those members whose names appear in the Register of Members on September 27, 2011. 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 15, 2011, 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 from the Company. Thus, the shareholders who have not yet encashed their dividend warrants are requested in their own interest to write to the Company or its RTA (Mass Services Limited) immediately for claiming outstanding dividends declared by the Company for the year 2003-04 and onwards.

7 The proposed date for the transfer of unclaimed final dividend by the Company for the year 2003-04 to IEPF is 20th September, 2011.

8 Information pursuant to Clause 49 of the Listing Agreement is annexed as Annexure-I hereto with regard

to the appointment/re-appointment of the Directors.

9 An Explanatory Statement as required under section 173(2) of the Companies Act, 1956, is annexed hereto with regard to the special 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:

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

13. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliances by Companies through electronic mode, in pursuant to Section 53 of the Companies Act, 1956. The shareholders can now receive notices and documents through electronic mode by registering their email addresses with the company. Shareholders who have not registered their email address with the Company can now register the same by submitting their request in this regard to the with M/s. MAS Services Limited or at the Secretarial Department of the Company. The Members holding shares in electronic form are requested to register/update their e-mail addresses with their Depository Participants only. Even after registering for e-communication the Shareholders of the Company are entitled to receive such communication in physical form, upon request.

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

Item No.6

Re-Appointment of Mr. Deep Kapuria, as 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. 1st January 2007 to 31st December 2011, for which approval was accorded by the members in their 21st Annual General Meeting held on 17th September, 2007. Keeping in View the contribution made by him since the inception of the Company, your Board of Directors proposed his appointment as Chairman & Whole Time

Director, to be designated as Executive Chairman, for a further period of 5 (five) years w.e.f. 1st January 2012 to 31st Dec. 2016, in their meeting held on 10th August 2011, subject to the approval of shareholders in their ensuing Annual General Meeting

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

Mr. Deep Kapuria, Mr. Pranav Kapuria and Mr. Anuj Kapuria, Directors being related to each other 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 terms of appointment of whole time Director pursuant to section 302 of Companies Act, 1956

The Board of Directors of your Company recommends passing of the aforesaid resolution as special resolution at item no. 6.

Item No. 7

Appointment of Mr. Ramesh Chandra Jain as the Director of the Company.

Mr. Ramesh Chandra Jain was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on August 10, 2011. He holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956. The Company has received a notice from a member of the Company along with requisite fees under Section 257 of the Companies Act, 1956 signifying his intention to propose his appointment to the office of Director.

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

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

Item No. 8

Increase of the sitting fee for attending Board & Committee meeting to Non-Executive Directors.

In view of the current inflationary position it is recommend that the sitting fees be increased for attending Board & Committee meeting to Non-Executive Directors of the Company. The last increase was done in the year 2005, thus it has been considered prudent and fair to increase

the sitting fees of a Non-Executive Director to Rs. 10,000/- for attending each meeting of Board of Directors and Committee meeting.

Further, the Board of Directors will be authorised to increase the fee under the overall limit prescribed in section 310 and other applicable provisions of Companies Act, 1956 including Rule 10B of the General Rules & Form.

All the Non-Executive Directors may be considered interested or concerned in the resolution to the extent the sitting fees they will receive. Your Company recommends passing of aforesaid resolution at item no. 8.

Annexure-I

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

1. Mr. Deep Kapuria son of Late Sh. Darshan Kumar Kapuria born on August 5, 1949 is founder Director of the Company and designated as the Executive Chairman of the Company. He is a technocrat and expert in Gear Manufacturing & Designing, Business Management & Finance. He possess the following qualifications:

1. Bachelor of. Engineering (Honors') 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 3083045 equity shares in the company as on the date of notice.

2. Mr. Anil Kumar Khanna Son of Shri Padam Vibhusan. Mr. A.K. Khanna, born on July 17, 1953 and joined the Company as a Director in the year 1987. He is a Member of the Institute of Chartered Accountants of India and is also Fellow Member of the Institute of Chartered Accountants (England & Wales). He is possessing expertise in Accountancy, Finance & Taxation.

He is presently holding the membership of the Board/ committee(s) in the following other Companies:- Aquarius Travels Pvt. Ltd.; Asahi Components Pvt. Ltd.; DFK Consulting Services (I) Pvt. Ltd.; RLF Securities Pvt. Ltd.;

Telecom Finance (I) Ltd.; ULL Securities Pvt. Ltd.; United Leasing & Industries Ltd.; International Trading Federation Limited; Virgo Components Pvt. Ltd.; RLF Limited, R.K. Khanna & Co., Saurer Embroidery Systems (India) Pvt. Ltd.

Mr. Anil Kumar Khanna does not hold any shares (in his own name or on behalf of other person on beneficial basis) in the Company.

3. 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, he was promoted as Deputy Managing Director of the Company on 1st August 2005 & thereafter as Managing Director W.e.f 01.08.2010

He has done Bachelor of Commerce with Honors 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 holds 819376 equity shares in the Company as on the date of notice.

4. Mr. Ramesh Chandra Jain Son of Mr. Kundam Lal Jain born on December 22, 1946 joined the Company as an Additional Director recently on 10th August, 2011. He has done B.Tech (Honors) in Mechanical Engineering (1968) from IIT, Kharagpur, India and Masters in Industrial Management (1973) from Cranfield University, UK. He was rated the best student of the session 1972-73 and was awarded 'Society of British Aerospace Company Award' at Cranfield.

He is presently holding the membership of the board/ committee(s) of the other companies:

Hi-Tech Robotic Systemz Ltd., Grazians Transmission India Pvt. Ltd., Modern Steels Limited. He possesses a combination of the strategic thinking and perspective, along with sound operations experience.

Mr. Ramesh Chandra Jain does not hold any shares (in his own name or on behalf of other person on beneficial basis) in the Company.

HI-TECH GEARS LTD.

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

ATTENDANCE SLIP

25th Annual General Meeting, September 27, 2011

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

X

I hereby record my presence at the 25th Annual General Meeting of the Company on 27th day of September 2011, 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. Oce: A-589, Industrial Complex, Bhiwadi-301019, Distt. Alwar (Rajasthan)

PROXY FORM

25th Annual General Meeting, September 27, 2011

Hi-Tech Gears Limited

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

Folio No/Client ID.....

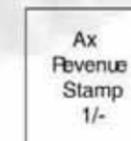
D.P. ID

I/We *.....

Ofin the district of.....being a member/members* of Hi-Tech Gears Limited, hereby appoint..... ofin the district of..... or failing him/her* ofin the district of..... as my/our* Proxy to attend and vote for me/us* on my/our* behalf at the 25th Annual General Meeting of the Company to be held on Tuesday the 27th day of September, 2011 and/or at any adjournment thereof, at the Registered Office of the Company.

Signed thisday of2011.

Signature(s)



NOTE: The proxy, in order to be effective, should be duly stamped, completed and signed, and must be deposited at the registered oce 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.



Hi-Tech Gears Limited

14th Floor, Tower-B, Unitech's Millennium Plaza, Sushant Lok-1
Sector-27, Gurgaon, Haryana-122 002
www.hitechgears.com