



DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the 35th Annual Report of your Company, together with the Audited Financial Statements of the Company for the financial year ended March 31, 2021. Further, the consolidated performance of the company and its subsidiaries has been referred to wherever required.

Financial Results

The highlights of the Standalone and Consolidated financial performance of the Company are as under:

(₹ in million except per share data)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue from Operation	5,223.79	5,093.25	7,455.42	7,220.18
Other Income	102.59	62.03	104.91	114.76
Total Income	5,326.38	5,155.28	7,560.33	7,334.94
Profit before Depreciation, Interest & Taxes (PBDIT)	926.86	643.52	1,003.70	951.45
Depreciation	251.52	274.53	430.77	430.34
Profit before Interest & Taxes (PBIT)	675.34	368.99	572.93	521.11
Financial Charges	178.94	215.97	232.80	331.29
Profit before Taxes (PBT)	496.40	153.02	340.13	189.82
Provision for Taxes	123.52	75.60	52.26	107.06
Profit after Tax (PAT)	372.88	77.42	287.87	82.76
Balance of profit brought forward	2,478.94	2,494.11	2,574.60	2,529.70
Balance available for appropriation	2,889.76	2,558.12	3,019.68	2,653.79
Dividend	*	65.69	*	65.69
Tax on dividend	-	13.50	-	13.50
Balance Surplus in P & L Account	2,889.76	2,478.94	3,019.68	2,574.60
Paid-up Equity Share Capital	187.68	187.68	187.68	187.68
Earnings Per Share (EPS)	19.87	4.13	15.34	4.41

*Please refer to dividend para of this Directors' Report

General Information

Financial Year 2020-21 was full of various challenges for Indian domestic automobile industry. Automobile industry faced multiple regulatory, geopolitical and economic disruptions during the previous year. Corona virus (Covid-19) pandemic shaping up through second wave proved to be more fatal to humanity and hence medical emergency was declared in recent time. It caused significant disturbance and slowdown of economic activities. The after-effects of a strict but necessary countrywide lockdown and a slowdown halted the growth engine. Covid-19 is significantly impacting business operation of the companies by way of interruption in production, supply chain disruption, unavailability of personnel, closure/lock down of production facilities etc.

Available economic data forecasts indicate an unprecedented decline in global activity due to the Covid-19 pandemic. Figures released recently suggest even deeper downturns than previously projected for all economies. At the same time, commencement of unlocking and easing of restrictions by the government has paved the way for self-restriction, self-regulation with increased responsibility on every single person to protect himself/herself and those close to us while keeping economic activities operational.

The second half of the period under review was still better in terms of economic activities. Post lifting of lockdown the business consolidated its position and demand started generating. Government also provided required support by business-friendly policies. Taking the benefit of the situation, the auto industry behaved in positive manner, when the demand generated.

Almost all segments of the automobiles categories registered downfall on full year basis. The domestic sales of Commercial Vehicles decreased by 20.77% during April-March 2021 and Three Wheeler registered de-growth

by 66.06% for the said period. In Two Wheeler segment, the sales of Scooters/ Scooterette declined by 19.51% including downfall in sales of Motorcycles and Mopeds by 10.65% and 3.07% respectively in FY 2020-21. The Passenger vehicles is the only segment which shows the growth engine of automobile industry. This segment has improved significantly from the de-growth of 17.82% in Financial Year 2019-20 to de-growth of only 2.24% in F.Y. 2020-21.

On export side, the overall automobile exports decreased by 13.05%. While Three Wheelers and Two Wheelers registered a downfall of 21.67% and 6.87% respectively, exports of Passenger Vehicle drastically decreased by 38.92% and Commercial Vehicles registered a de-growth of 16.64% in April-March 2021 over the last F.Y. 2019-20.

On a positive note, your Company showed tremendous agility and foresight by quickly pivoting to take actions that addressed challenges posed by the Covid-19 pandemic. The Company topmost priority was to serve our customers by providing them our services and ensuring the well being of our employees and workers during this pandemic by meticulous planning, deploying remote services for customers, providing the IT infrastructure to the employees to work from home etc.

The Indian auto components industry is going through a transformational period with the concept of mobility changing continuously. The prospects of the Industry looks good of the next year.

State of Company Affairs

Your Company is one of the few industrial enterprises which have become a world-class Indian brand with a green and sustainable strategy of growth, despite an increasing volatile economic and business environment. Besides

being cost competitive, delivering to strict schedules and adhering to high quality standards are the main keys of success for auto component manufacturers, especially to enter into and grow export markets. Your company possesses all the above skills and is appreciated by customers all over the world. Keeping this in mind, your company is today tapping new geographies due to the high potential available in the export markets.

Detailed information on the operations and on the state of affairs of the Company are majorly covered in the Management Discussion & Analysis Report, forming part of this report. The performance of the Company was far better than the performance of Auto Industry. During the F.Y. 2020-21, the total revenue stood at ₹ 5,326.38 million as compared to ₹ 5,155.28 million in the last F.Y. 2019-20, registering a minimal growth of 3.32 %. The profit before tax has significantly increased to ₹ 496.40 million as compared to ₹ 153.02 million in previous year due to the operational excellency. Similarly, the Net profit after tax of the Company is also on the upside at ₹ 372.88 million in comparison to ₹ 77.42 million in previous year, registering a significant growth of 381.63 %.

On a consolidated basis, the total revenue is ₹ 7,560.33 million in F.Y. 2020-21 as compared to ₹ 7,334.94 million in the previous F.Y. 2019-20. Similarly, the Net profit after tax is ₹ 287.87 million as compared to ₹ 82.76 millions in previous F.Y.

At the export front, on standalone basis, the Company recorded an export turnover of ₹ 1,245.65 million as compared to ₹ 1334.44 million in the previous year, thereby recorded degrowth of 6.65% as compared to the percentage during the same period in the previous year. The total export turnover now fall to 23.39% of the total turnover of the Company.

We have taken proactive steps to correct the position of the Company in export market. We will approach our goals with discipline and focus to tap more customers and markets and gain the grounds again.

Your Company expects to benefit over the next period with above strategy and operating efficiencies. In view of this, the long term prospects of your Company are bright.

Consolidated Financial Statements

In accordance with the provisions of the Companies Act, 2013 ('the Act') and Ind AS-110 on Consolidated Financial Statements, read with Ind AS-28 on Investments in Subsidiaries outside India, the Audited Consolidated Financial Statements for the F.Y. ended March 31, 2021 are provided in this Annual Report.

Impact of COVID-19 pandemic

India witnessed one of the most stringent lockdowns in history, in the aftermath of the novel coronavirus outbreak. With all major sectors completely closed down for two months, Q1 was a complete washout for the economy. On the positive side, India dealt effectively with the first wave of Covid-19 infections while the country was faced by a calamitous second wave of the pandemic.

In view of the above, F.Y. 2020-21 has been an unparalleled year, marked by a major disruptions caused by the Covid-19 pandemic. Your Company's resilience and underlying ability to adapt to an evolving business environment has aided the Company to sustain and improved its position in the market.

The swiftness and intensity of the second wave and possible third wave have overwhelmed health systems, devastated lives and livelihoods. It is a health crisis of the kind we have not seen in generations. Given the scientific progress we have made over the past year, vaccination is the most effective control tool, more we are vaccinated, more we are safe.

For your Company too, it was a challenging year. The pandemic resulted in muted consumer demand along with disruptions in production, supply chain and retail networks. The Company's took various steps in securing the safety of our people, the viability of the ecosystem and for securing the health of the business through a laser focus on cash flows. The Company constituted a rigorous review mechanism to reach pre-Covid production levels in a coherent and sustainable manner. It efficiently collaborated with all stakeholders, including its workforce, supply chain partners & their associates to restore the distribution network and enable a seamless pipeline of supplies. This helped us navigate the crisis well. After the

lockdown was lifted, the Company focused on meeting the growing demand. Gradually, as demand started coming back from the second quarter of last year, the company swiftly shifted gear, significantly ratcheted up capacities, moved fast to serve customer demand and ended the year on a strong note.

As the research fraternity came together to develop the coronavirus vaccine in record time, it offered a clear peek into the strength and agility of humankind in a manner never witnessed before. Going ahead, rapid vaccination remains the key to control the pandemic and bounce the economy back to pre-Covid growth levels, and upwards. We are supporting the Government initiatives, wherein it is committed to vaccinate as many as people at earliest. It is estimated that 50% of our population will have at least one shot of vaccine, by the time our we meet at the ensuing General Meeting.

Share Capital

The paid up Equity Share Capital as on March 31, 2021 stood at ₹ 187.68 million. During the year under review, the Company has not issued shares or granted stock options or sweat equity. However, during the F.Y. 2021-22, your Company's Board of Directors have passed the resolution for implementing the "The Hi-Tech Gears Limited Stock Incentive Plan, 2021" to reward, attract, motivate and retain employees and Directors of the Company and its existing or future subsidiary companies, in or outside India, subject to the approval of the shareholders at the ensuing 35th Annual General Meeting of the Company.

Dividend

During the year under review and based on the performance of the company, the Board of Directors, at their meeting held on June 29, 2021, recommended a final dividend @ 20% i.e. ₹ 2/- per equity share amounting to ₹ 37.53 million, the same is to be approved by the shareholders at the forthcoming Annual General Meeting.

As per the new provisions of the Indian Finance Act, 2020 read with Income Tax Act, 1961 dividend declared/recommended and paid by the Company after April 1, 2020 is taxable in the hands of shareholders and the Company is required to deduct the tax at source ("TDS") on the distribution of dividend income to its shareholders at the prescribed applicable rates. In view of this, the Company has sent communication to shareholders to inform their status, PAN and other details, so that company can comply the provisions accordingly.

During the F.Y. under review, no amount has been transferred to Reserve of the Company.

Change in the nature of business

There was no change in the nature of the business of the company during the financial year 2020-21.

Compliance with Secretarial Standards

The Company is fully compliant with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

Directors Responsibility Statement

In terms of section 134 (3) (c) & 134 (5) of the Companies Act, 2013, and to the best of their knowledge and belief, and according to the information and explanations provided to them, your Directors hereby make the following statements:

- that in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- that such accounting policies have been selected and applied them consistently and made judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2021 and of the profit and loss of the Company for the year ended on that date;
- that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;



- (d) that the annual financial statements have been prepared on going concern basis;
- (e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively, and
- (f) that the systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Details of Internal Financial Controls with reference to the Financial Statement

In view of the requirement of the Companies Act, 2013, the Company has successfully documented and implemented its Internal Financial Controls (IFC). This ensures orderly and efficient conduct of its business, including adherence to Company policies, safeguarding of its assets, accuracy, prevention of errors & completeness of the accounting records and the timely preparation of reliable financial information. The Internal Financial Controls with reference to the Financial Statements were adequate and operating effectively.

Further, the Audit Committee monitors the adequacy and effectiveness of your Company's internal control framework.

Details of Subsidiary/Joint Ventures/Associate Companies

As on March 31, 2021, the Company has nine (09) Wholly Owned Subsidiaries (including step-down subsidiaries) in Canada and US. There is no reverse investment by the subsidiary companies in the share capital of the Company.

The Board have duly reviewed the affairs of the Subsidiary companies, from time to time wherein, 2545887 Ontario Inc., The Hi-Tech Gears Canada Inc. and "Teutech Holding Co." are considered to be 'Material Subsidiary' companies, pursuant to provisions of Regulation 16 of the SEBI (LODR) Regulations, 2015. Further, there is no material change in the business of subsidiary companies and the Company has taken note of all the significant transactions and arrangements entered into by its subsidiaries. The other financial and vital details related to subsidiaries are provided in attached AOC-1 form (Statement containing salient features of the financial statement of subsidiaries), pursuant to section 129 (3) and section 136 of the Companies Act, 2013 and rules made thereunder.

In accordance with the provisions of the Companies Act, 2013 and applicable accounting standards the standalone and consolidated financials together with the reports of Statutory Auditors are provided in the Annual Report. Further, the Company's policy for determining material subsidiaries in terms of applicable listing regulations and other applicable laws is available at www.thehitechgears.com.

Directors, Key Managerial Personnel's and Evaluation

The Board is duly constituted with proper balance of Executive & Non-Executive Directors, Independent Directors, Woman Independent Director and Whole Time Directors. No new Director or Key Managerial Personnel has been appointed or resigned during the year under review.

Retire by Rotation

Independent Directors are not liable to retire by rotation. Pursuant to the provision of Section 152(6) of the Companies Act, 2013, Mr. Anant Jaivant Talaulicar (DIN: 00031051), Non-Executive Non Independent Director, being longest in the office, retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for the re-appointment. Brief profile of Mr. Anant Jaivant Talaulicar is provided in the Notice convening the Annual General Meeting.

Further, Mr. Ramesh Chandra Jain, Non-Executive Director is completing the age of 75 years during this Financial Year, a resolution is being proposed in the Notice of the ensuing Annual General Meeting, with respect to his continuation as the Director of the Company.

a. Key Managerial Personnel's

All Whole Time Directors i.e. Mr. Deep Kapuria, Executive Chairman, Mr. Pranav Kapuria, Managing Director and Mr. Anuj Kapuria, Executive Director are regarded as KMPs, in addition to Chief Financial Officer (C.F.O.) and Company Secretary (CS).

b. Independent Directors

The Board has 7 (Seven) Independent Directors including one Woman Independent Director as on March 31, 2021, representing diversified fields and expertise. Details are provided in the appropriate section of the Corporate Governance Report.

During the F.Y. 2021-22 Mr. Prosad Dasgupta resigned from the position of Independent Director w.e.f. June 29, 2021.

The Independent Directors have submitted their declarations of independence, as required pursuant to provisions of section 149 (7) of the Companies Act, 2013, The Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), as amended from time to time, stating that they meet the criteria of independence as provided in sub-section (6) of section 149 of Companies Act, 2013 and the SEBI Listing Regulations.

c. Meetings of the Board

The Board met 5 (five) times during the period 2020-21 to conduct the operations of the Company. The details are given in the Corporate Governance Report, which forms part of this Annual Report. It is confirmed that the gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Act.

d. Annual Evaluation of the Board, its Committees and of Individual Directors

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the Board carried out an formal annual performance evaluation of its own performance, the Chairman, Directors individually and the working of the different committees. Such evaluation was done through the established evaluation framework and the SEBI Guidance Note. The framework included different tools such as individual questionnaire, covering various information required to have the evaluation. All the layers of the Board, such as Board, Committees and the Independent Directors performed their part by evaluating the performances of the holders as mandated.

Auditors and their Reports

a) Statutory Auditors

M/s O P Dadu & Co., Chartered Accountants, (Firm Registration No. 001201N) the Statutory Auditors of the Company, were appointed in the 31st Annual General Meeting for a term of five consecutive years till the conclusion of 36th Annual General Meeting of the Company to be held in the year 2022-23. They had furnished a certificate confirming the eligibility under section 141 of the Companies Act, 2013 and Rules made thereunder.

Pursuant to the provisions of Companies (Amendment) Act, 2017 read with MCA notification dated 07th May, 2018, the appointment of Statutory Auditors is not required to be ratified at every Annual general Meeting.

The Auditors' Report does not contain any qualification, reservation or adverse remark and do not call for any further explanation/clarification by the Board of Directors as provided under Section 134 of the Act. With respect to the point no. (vii) (b) in **Annexure "A"** to Auditors' Report relating to non-deposit of disputed taxes, the Board wishes to inform that those matters are related to regular tax matters for which the Company has preferred appeal to Appellate Authorities. The necessary explanations are also provided in Note 38A (2) to the Standalone Financial Statements. The rest of report by the Statutory Auditors is self-explanatory. Please refer to the Notes to Accounts, wherever necessary. further, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under Section 143(12) of the act.

b) Cost Auditors

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

The cost audit for the Financial Year 2020-21 was done by M/s Kabra & Associates, Cost Accountants. Their report does not contain any qualifications, reservations or adverse remarks and do not call for any further explanations.

Further, as per Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the Board of Directors have approved the re-appointment of M/s. Kabra & Associates, Cost Accountants, as the Cost Auditors of the Company for the F.Y. 2021-2022, upon the recommendation of the Audit Committee. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your approval for payment of remuneration to Cost Auditors is being sought at the ensuing Annual General Meeting. Accordingly, a resolution seeking approval by members for the remuneration payable to M/s Kabra & Associates is included in the Notice convening 35th Annual General Meeting.

c) **Secretarial Auditor**

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

As per Section 204 of the Companies Act, 2013 inter-alia requires every listed company to annex with its Board's Report, a Secretarial Audit Report provided by a Company Secretary in Practice, in the prescribed format. The Board of Directors appointed M/s Grover Ahuja & Associates, Practising Company Secretaries as Secretarial Auditor to conduct Secretarial Audit of the Company and their report is annexed to this Board Report (**Annexure-I**). The Secretarial Audit Report does not contain any qualification, reservation or adverse remark except one observation of clerical mistake in filing of IEPF-1 form. Your company has submitted necessary intimation to IEPF Authority for rectification of the aforesaid error. Further due to Covid pandemic, your Company has filed APR (Annual Performance Report) for F.Y. 2019-20 in extended period of time.

Additionally, pursuant to Regulation 24 (A) of the SEBI (LODR), 2015 Regulations read with SEBI circular dated CIR/CFD/CMD1/27/2019 dated February 08, 2019, the Company has undertaken and received an Annual Secretarial Compliance Report from M/s Grover Ahuja & Associates, Practising Company Secretaries and submitted the same to the stock exchanges within the specified time period.

Internal Control Systems and its Adequacy

The Company has internal control systems commensurate with the size, scale and complexity of its business operations. The scope and functions of Internal Auditors are defined and reviewed by the Audit committee. **M/s. Grant Thornton Bharat LLP** (formerly known as Grant Thornton India LLP) is the continuing Internal Auditors, who regularly presents their quarterly report to the Audit Committee, highlighting various observations, system and procedure related lapses, if any and corrective actions being taken to address them.

Investor Education and Protection Fund ('IEPF')

Pursuant to section 124, 125 and applicable provisions of the Companies Act, 2013 and Rules made there under, all unpaid or unclaimed dividends are required to be transferred by the Company to IEPF after the completion of seven years from the date of declaration of dividend.

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

The details of such dividend and shares transferred pursuant to the aforesaid provisions are provided in General Shareholder information section at point No. 14 of Section XI of Corporate Governance Report.

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

shares were required to be transferred to the IEPF so as to enable them to claim their dividend attached to such shares before such dividend and shares are transferred to IEPF Authority and further, the necessary information in this regard is available on the website of the Company i.e. www.thehitechgears.com for the convenience of the shareholders.

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

Accordingly, during the financial year 2020-21, the Company has transferred 400 and 1600 equity shares to the IEPF Authority, in two tranches in respect of which the amount of dividend has not been claimed or unpaid for the consecutive seven years to the concerned shareholders from the date of declaration respectively. A list of such cases is also available at the company website.

Annual Return

As required pursuant to Section 92(3) & 134 (3) (a) of the Companies Act, 2013, the Annual Return of the Company for the F.Y. 2020-21 shall be filed within 60 days from the ensuing AGM. The Annual Return for the F.Y. 2019-20 filed with the Ministry of Corporate Affairs after the 34th AGM held in the year 2020 is available on the Company's website at www.thehitechgears.com.

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

Details of Energy Conservation, Technology Absorption, Research & Development activities undertaken by the Company and foreign exchange earnings and outgo of the Company and other information in accordance with the provisions of Section 134(3) (m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are given in **Annexure-II**, to this Report.

Report on Corporate Governance

In terms of Listing Regulations, a report on Corporate Governance is given separately and forming part of this report and a certificate from the M/s Grover Ahuja & Associates, Practising Company Secretaries confirming compliance with the provisions of Corporate Governance is also annexed to the report.

Management Discussion & Analysis Report

The Management Discussion & Analysis Report is given separately and forming part of this report together with its contents.

Risk Management Policy

Pursuant to Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provisions of constituting Risk Management Policy are not applicable to the Company. Although the Company has adopted an enterprise Risk Management Policy and established a Risk Management Framework with an objective of timely identification, mitigation and control of the risks, which may threaten the existence of the Company, in accordance with the provisions of The Companies Act, 2013.

Corporate Social Responsibility

Pursuant to the provisions of Section 135 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder the Company have adopted & developed a Policy covering the activities mentioned in Schedule VII of Companies Act, 2013, upon the recommendation of CSR Committee. Implementation of the policy is undertaken under the guidance of CSR Committee and a brief of the Corporate Social Responsibility activities are provided in **Annexure-III**.

The CSR policy lays down CSR activities to be undertaken by your Company. The CSR activities undertaken by your Company are based on the approved CSR policy, which is available on the Company's website, www.thehitechgears.com.



Particulars of contracts or arrangements with related parties

All transactions entered by the Company with the parties, which may be regarded as related parties, were considered to be in the ordinary course of business and on the arm's length basis. As provided under section 134(3)(h) of the Act and Rules made thereunder, disclosure of particulars of material transactions with related parties entered into by the Company with related parties in the prescribed format annexed to this report as **Annexure-IV**. Disclosures on related party transactions are also set out in Note No. 36 to the Standalone Financial Statements and Note No. 37 to the Consolidated Financial Statements.

The Policy on materiality of related party transactions pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as approved by the Board may be accessed on the Company's website www.thehitechgears.com.

Electronic Clearing Services (ECS)

As per the circular issued by Securities & Exchange Board of India (SEBI), companies should mandatorily use the facility of Electronic Clearing Services (ECS), for distribution of dividends to its members. This facility provides to the members an opportunity to receive dividend amount directly in their bank accounts. For availing this facility, members holding shares in physical form may send their duly filled ECS mandate form to the Company's Registrar and Share Transfer Agent (RTA). Members holding shares in dematerialized form, may kindly note that their bank account details as furnished to their depositories will be taken for the purpose of ECS by the Company.

Postal Ballot

During the period under review, no Resolution was passed through postal ballot.

Code of Conduct of Insider Trading

The Company has adopted a Code of Conduct to regulate, monitor and report trading by insiders. This Code of Conduct is intended to prevent misuse of Unpublished Price Sensitive Information ("UPSI") by designated persons. The same has been placed on the Company's Official website i.e. www.thehitechgears.com.

In accordance with such Code of Conduct, the Company closes its trading window for Designated Persons from time to time. The trading window is also closed during and after occurrence of price sensitive events as per the said Code of Conduct.

Code of Conduct

Your Company has adopted a Code of Conduct for its Board Members and Senior Management personnel pursuant to SEBI Listing Regulations. The code of conduct has also been posted on the official website of the Company.

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

Share Capital Audit

M/s Grover Ahuja & Associates, practicing Company Secretaries carried out the Share Capital 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, 2021 is reconciled with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Reconciliation of Share Capital Audit Certificate is being submitted every quarter to the Stock Exchanges and is also placed before the Board Meeting.

Listing of Shares

With a view to provide easy liquidity in the shares of the Company, the equity shares of your Company are presently listed on the premier stock exchanges viz., the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange India Limited (BSE) Mumbai. Pursuant to Regulation 14 of SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015, the annual listing fees for the year 2021-22 has been paid within the prescribed time period.

Deposits

During the year under review your Company neither invited nor accepted any deposit within the meaning of Section 73 of the Companies Act, 2013, and rules made there under.

Dematerialization of the equity shares

99.62% of the total equity shares of the Company are held in dematerialized form with the participants of National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited as on March 31, 2021.

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

Particulars of Employees

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure-V**. The information as per Rule 5(2) of the Rules forms part of this report. However, as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Rules, the report and Financial Statements are being sent to the members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the registered office of the Company.

Remuneration Policy

In terms of provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Listing Regulations, a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees has been adopted by the Board of Directors of the Company in pursuance of its formulation and recommendation by the Nomination and Remuneration Committee thereby analysing the criteria for determining qualifications, positive attributes and independence of a Director. The said policy is available on the website of the Company at www.thehitechgears.com. Salient feature of the policy are provided in attached Corporate Governance Report.

Audit Committee

Company has duly constituted Audit Committee, which meets on regular intervals for the business required to be transacted thereat. The recommendations made by committee are accepted by the Board. A synopsis is described in the Corporate Governance report.

Vigil Mechanism Policy

The Company has a vigil mechanism policy to deal with any instance of fraud and mismanagement. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination with any person for a genuinely raised concern. The policy may be accessed on the Company's website at www.thehitechgears.com.

Obligation of Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

Further, during the year Company has not received any complaint of harassment. Complete details are provided in attached Corporate Governance Report.

Particulars of Loans given, Investments made, Guarantees given and Securities provided

The Company has not given any loans or guarantee covered under the provisions of section 186 of the Companies Act, 2013.

The details of the investments made by the Company are given in the notes to the financial statements.

Material changes and Commitments

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year to which the financial statements relate and the date of the report. However your Company's Board of Directors have approved the "The Hi-Tech Gears Limited Stock Incentive Plan, 2021" to reward, attract, motivate and retain employees and Directors of the Company and its existing or future subsidiary companies, in or outside India, subject to the approval of the shareholders at the ensuing 35th Annual General Meeting of the Company.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

There is no significant and/or material order passed by the regulators or courts or tribunals impacting the going concern status of the Company.

Details of Proceedings pending under the Insolvency and Bankruptcy Code, 2016

Following are the details of proceedings and their status thereof at the end of the F.Y. 2020-21:

SI No.	Name of the Applicant	Status
1.	Amrop India Pvt. Ltd.	Amrop India Pvt. Ltd. filed an application in F.Y. 2018-19. The matter basically relates to commercial dispute between parties on the terms of contract. However the same is at argument stage for its admissibility due to privity of contract with the Applicant.
2.	Happy Forgings Ltd.	Happy Forgings Pvt. Ltd. filed an application in F.Y. 2020-21. However this was preferred as withdrawn by Applicant. The Hon'ble NCLT rejected accordingly. Applicant filed another CP (Company Petition) before Hon'ble NCLT against which the notice was issued to the Company. The Company is in process to file reply to this notice.

Business Responsibility Reporting

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

Personnel

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

Trade Relations

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

Acknowledgement

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

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

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

**Place: Gurugram
Dated: August 09, 2021**

**Deep Kapuria
Chairman**