

GUJARAT AUTOMOTIVE GEARS LIMITED



ANNUAL REPORT 1999-2000

GUJARAT AUTOMOTIVE GEARS LIMITED



DIRECTORS

| | | |
|--------------------|---|---------------------|
| Mr. B.J. Kothari | - | Chairman |
| Mr. Naresh Kothari | - | Managing Director |
| Mrs. T.N. Kothari | - | Whole Time Director |
| Mr. N.C. Patel | - | Director |
| Mr. A.H. Patel | - | Director |
| Mr. M.D. Patel | - | Director |
| Mr. D.C. Daftari | - | Director |

AUDITORS

M/s. Kanu Doshi Associates, Mumbai.

BANKERS

IDBI BANK LIMITED

REGISTERED OFFICE & FACTORY

Kalali, Vadodara - 390 012.



GUJARAT AUTOMOTIVE GEARS LIMITED

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the members of Gujarat Automotive Gears Limited will be held at the Registered Office of the Company at KALALI, VADODARA-390 012 on Monday, the 28th August, 2000 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS :-

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2000 and the Profit and Loss Account for the year ended on that day and the Directors' and the Auditors' Reports thereon.
2. To declare dividend, if any.
3. To appoint a Director in place of Shri M. D. Patel who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri A. H. Patel who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors to hold office until the conclusion of the next Annual General meeting and to fix their remuneration.

SPECIAL BUSINESS :-

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

RESOLVED THAT subject to the provisions of section - 269, 198, 309 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII thereof as amended and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approval as may be necessary Mrs. T. N. Kothari be and is hereby reappointed as Whole Time Director of the company with effect from 1st October, 2000 for a period of five years on a remuneration as set out below with liberty to the Board of Directors to revise the remuneration from time to time within the limits provided for in the said Schedule XIII or any amendment thereof for the time being in force :

1. Salary : Rs. 30,000-5000-50,000 per month.
2. Perquisites : In addition to salary the following perquisites not exceeding the overall ceiling prescribed under Schedule XIII will be provided to Mrs.T. N. Kothari.
 - a) Housing : Rent free furnished accomodation along with benefits of gas, fuel, water, electricity, telephone and municipal tax as also upkeep and maintenance of company's hired furnished accomodation. If the company does not provide accomodation, the Whole Time Director will be entitled for house rent allowance not exceeding 50% of salary per month.
 - b) Medical Reimbursement : Reimbursement of medical for self and family as per Rules of the Company.

GUJARAT AUTOMOTIVE GEARS LIMITED



- c) Leave Travel Concession: Leave travel concession will be paid by the company for self and family once in a year subject to a ceiling of one and half month's salary in a year.
- d) Club Fees: Reimbursement of club fees subject to a maximum of two clubs.
- e) Personal Accident Insurance: Personal accident insurance cover as applicable will be provided to her by the Company. Premium payable shall not exceed Rs.4,000 p.a.
Apart from the above, the wholetime Director shall also be entitled to the following:
 - a) Provident Fund, Superannuation Fund: Contribution to provident fund, superannuation fund/annuity fund in accordance with the rules of the Company.
 - b) Gratuity : Gratuity at a rate not exceeding half month, salary for each completed year of service.
 - c) Company Car: One car with the service of driver, to be maintained by the Company for official use.
 - d) Reimbursement of the entertainment, travelling and all other expenses incurred for the business of the Company.
 - e) Leave as per Rules of the Company.
 - f) Encashment of leave at the end of her tenure as wholetime Director.
- 7. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :
RESOLVED THAT pursuant to section 293 (1) (a) and other applicable provision, if any, of the Companies Act 1956 the consent of the company be and is hereby given to the Board of Directors of the company to mortgage and/or charge all the immovable and movable properties of the Company wheresoever situated present and future and whole of the undertaking of the company with power to take over company in certain event to or in favour of Financial Institutions, Bankers and other financial Companies with regard to secure an amount not exceeding Rs. 10 Crore (Rupees Ten Crore only) for term loan/borrowing from time to time for the purpose of business of the company.
- 8. To consider and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :
RESOLVED THAT pursuant to section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 the company hereby approves and give consent to the Board of Directors for borrowing money from time to time in excess of paid up capital and free reserve, if any, provided however that the amount borrowed / to be borrowed and outstanding at any time shall not exceed the sum of Rs. 10 Crore (Rupees Ten Crore only) exclusive of the temporary loans obtained from the company bankers in the ordinary course of business of the company.

Registered Office

KALALI, VADODARA - 390 012

Date : 25/04/2000

By Order of the Board

NARESH KOTHARI

Managing Director



GUJARAT AUTOMOTIVE GEARS LIMITED

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Book of the Company will remain closed from Friday, 25.08.2000 To Monday, 28.08.2000.
3. Members are requested to immediately inform about their change of address, if any, to the Company.
4. Explanatory statement pursuant to section 173 of the Companies Act 1956 is annexed herewith.

Explanatory statement pursuant to section 173 of the Companies Act 1956.

Item No. 6 :

Mrs. T. N. Kothari was appointed as Whole Time Director of the Company with effect from 1st October 1995 for a period of 5 Years. Her term of office as Whole Time Director will expire on 30th September, 2000. During her tenure as Whole Time Director of the Company the Company has made a Very Good Progress.

The Board of Directors propose to reappoint Mrs. T. N. Kothari as Whole Time Director of the Company for a period of five years with effect from 1st October, 2000. Mrs. T. N. Kothari shall perform such duties and exercise such powers as are entrusted to her from time to time by the Board of Directors of the Company, subject to the directions and restrictions imposed by the Board.

Mrs. T. N. Kothari shall be paid remuneration as mentioned in the resolution.

The draft agreement is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company. The above may also be treated as an abstract of the draft agreement between the company and Mrs. T. N. Kothari pursuant to section 302 of the Companies Act 1956.

Mrs. T. N. Kothari is interested to the extent of remuneration and Mr. Naresh Kothari Managing Director and Shri B. J. Kothari Director being relatives of Mrs. T. N. Kothari may be deemed to be interested in the above resolution. None of the other Directors of the company is

GUJARAT AUTOMOTIVE GEARS LIMITED

directly or indirectly concerned or interested in the above resolution.

Item No. 7.

To meet the capital expenses for the expansion/ modernisation / replacement project, the company has to borrow money from banks, financial institution and other financial companies from time to time. Various mortgage / charges on the companies properties are to be created in favour of banks / financial institution / other companies pursuant to the provision of clause (a) of sub-section (1) of the section 293 of the Companies Act, 1956 the board of Directors can not create mortgage / charge on the companies properties except with the consent of the shareholders of the company in general meeting. Your directors, therefore, recommend passing of the resolution.

None of the Directors of your company is interested either directors of your company is interested either directly or indirectly in the above resolution.

Item No. 8

Pursuant to the provisions of clauses (d) of sub section (i) of section 293 of the Companies Act, 1956 the Board of Directors can not borrow more than the aggregate amount of the paid up capital of the company and its free reserve at any time except with the consent of the shareholders of the company in a general meeting. The expansion / modernisation / replacement project of the company is to be carried out and therefore the company will require to borrow money from banks, financial institutions, leasing companies and other financial companies. Therefore your Board places before you the proposal to increase the maximum borrowing limit to Rs. 10 Crore.

None of the Directors of your company is interested either directly or indirectly in the above resolution.

Registered Office

KALALI, VADODARA - 390 012

Date : 25/04/2000

By Order of the Board

NARESH KOTHARI

Managing Director



GUJARAT AUTOMOTIVE GEARS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Ninth Annual Report of the Company together with the audited accounts for the Year ended on March 31, 2000.

| FINANCIAL RESULTS : | 1999-2000 | 1998-99 |
|--|------------------|----------------|
| | Rs. | Rs. |
| Operating Profit | 5961377 | 2339407 |
| ADD : | | |
| Profit on sale of assets | 88253 | (-) 32647 |
| | 6049630 | 2306760 |
| LESS : | | |
| Depreciation | 1831654 | 1602655 |
| Profit before Tax | 4217976 | 704105 |
| Less: Provision for Taxation | 1200000 | 300000 |
| Less: Prior Period adjustment | 14148 | NIL |
| Profit After Tax | 3032124 | 404105 |
| Balance of profit brought forward from previous year | 3260651 | 2856546 |
| Profit available for Appropriation | 6292775 | 3260651 |
| APPROPRIATION | | |
| General Reserve | 304000 | NIL |
| Proposed Dividend | 1050000 | NIL |
| Tax on Dividend | 115500 | NIL |
| Net Profit Carried to Balance Sheet | 4823275 | 3260651 |

OPERATIONS :

In spite of adverse market condition in Heavy Vehicle Industry the turnover during the year was Rs. 632.45 lakh (Previous Year Rs. 482.25 Lakhs) showing a growth of 31.15% over previous year and net profit after depreciation and interest during the year was Rs. 42.18 lakh against profit of Rs. 7.04 lakh during the previous year. However exports during the year was Rs. 106.00 lakh against export of Rs. 74.88 lakh during previous year showing rise of 41.56% over previous year. This could be achieved due to vigorous marketing and personal follow up with overseas buyers. For the next year greater emphasis

GUJARAT AUTOMOTIVE GEARS LIMITED

would be made for maintaining better growth levels on exports.

DIVIDEND: The Board recommends 30% dividend (inclusive of interim dividend) for the year ended on 31st March 2000. The Board has already declared interim dividend @30% for the year ended 31st March, 2000 and the same will be paid after the record date 16th May, 2000.

DIRECTORS : Shri M. D. Patel and Shri A. H. Patel shall retire pursuant to Article 132 of the Articles of Association of the Company and are eligible for re-appointment.

Mr. A. J. Kothari, Director of the Company has tendered his resignation from the office of the Directors for personal reason. The Board appreciates the service rendered by him during his tenure as Director of the Company.

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 regarding employees is NIL.

PUBLIC DEPOSITS : The company has not accepted any deposit U/s 58 A of the Companies Act 1956 during the year.

AUDITORS' REPORT : The observation of the Auditors, if any, are explained by way of appropriate notes to the accounts.

AUDITORS : Messrs Kanu Doshi Associates, the Auditors of your Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO : A statement containing the necessary informations in accordance with Section 217 (i) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and marked annexure A to this report.

ACKNOWLEDGEMENT : Your Directors convey their deep sense of gratitude to the employees and Company's Bankers - IDBI Bank Limited, for their excellent co-operation and assistance.

for and on behalf of the Board
Naresh Kothari
Managing Director
M. D. Patel
Directors

Place : Kalali, BARODA
Date : 25/04/2000



GUJARAT AUTOMOTIVE GEARS LIMITED

ANNEXURE - 'A'

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

I. CONSERVATION OF ENERGY :

- | | |
|--|------|
| a) Energy conservation measures taken : | NIL |
| b) Additional investments and proposals, if any, being implemented for reduction of energy : | NIL |
| c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods. | N.A. |
| d) Total Energy consumption per unit of production as per prescribed form-A. | N.A. |

II. TECHNOLOGY ABSORPTION :

Efforts made in Technology Absorption as per Form-B

FORM - B

- | | |
|---|--------|
| 1) Research & Development (R&D) |] None |
| a) Specific areas in which R&D carried out by the Company. | |
| b) Benefit derived as a result of above R&D | |
| c) Future plan of action | |
| d) Expenditure on R&D : | |
| 1. Capital | |
| 2. Recurring | |
| 3. Total | |
| 4. Total R&D Expenditure as a percentage of total turnover. | |