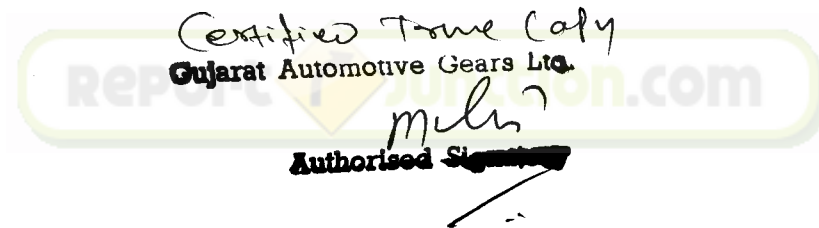


GUJARAT AUTOMOTIVE GEARS LIMITED



ANNUAL REPORT 2002-2003

GUJARAT AUTOMOTIVE GEARS LIMITED



DIRECTORS

Mr. B.J. Kothari	-	Chairman
Mr. Naresh Kothari	-	Managing Director
Mrs. T.N. Kothari	-	Whole Time 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 Thirty Second 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 Saturday, 30th August, 2003 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 2003 and the Profit and Loss Account for the year ended on that day and the Directors' and the Auditor's Report thereon.
2. To appoint a Director in place of Shri A.H. Patel who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri B.J. Kothari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors to hold office until the conclusion of the next annual general meeting and to fix their remuneration.

Special business:

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

RESOLVED THAT equity shares of the company listed at Mumbai, Vadodara and Ahmedabad Stock Exchange be and are hereby delisted as per the guidelines of the Securities and Exchange Board of India and or any other Authority.

Registered Office :
KALALI, VADODARA - 390 012
Date : 10/06/2003

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. Tuesday from 26.08.2003 To Saturday 30.08.2003

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 here with.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956

The Equity shares of your Company were listed at Mumbai Stock Exchange at the time of public issue in 1973. There after as per the requirement of Securities Contract (regulation) Act, listing of shares at the Regional Stock Exchange was Mandatory and there fore Shares of your Company were listed at The Ahmedabad Stock Exchange and later at The Vadodara Stock Exchange Shares of your Company, are not traded frequently at the Stock Exchanges. Therefore your Board of Directors have decided to delist the shares of your Company from the Mumbai, Vadodara, Ahmedabad Stock Exchange as per the guidelines of the Securities and Exchange Boars of India (SEBI). As per SEBI guidelines, consent of the members of the company be special resolution is required.

Your Board recommend the special resolution.

None of the directors of the company is directly or indirectly interested or concerned , except the shares held by them, in the above resolution.

Registered Office :
KALALI, VADODARA - 390 012
Date : 10/06/2003

By Order of the Board
NARESH KOTHARI
Managing Director



GUJARAT AUTOMOTIVE GEARS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty Second Annual Report of the Company together with the audited accounts for the year ended on March 31, 2003.

FINANCIAL RESULTS :	2002-2003 Rs.	2001-2003 Rs.
Operating (Loss) / Profit	876615	(863011)
Less : (Loss) / Profit on sale of assets	(60672)	NIL
	815943	(863011)
Less : Depreciation	2261581	2275030
(Loss)/Profit for the year	(1445638)	(3138041)
Add : Extra Ordinary Expenses		
Deferred Revenue Expenses (VRS)	669509	669509
(Loss) / Profit before Tax	(2115147)	(3807550)
Less: Provision for Taxation	NIL	NIL
Add :		
Prior Period adjustment	NIL	110911
Other Prior Period adjustment	138439	241648
Provision for Deferred Tax Assets	723691	1120281
(Loss) /Profit After Tax	(1253017)	(2334710)
Balance of profit brought forward from previous year	3130737	5465448
Net Profit Carried to Balance Sheet	1877720	3130738

OPERATIONS:

Automotive industry in general commercial vehicle & tractor industry in particular is passing through a bad phase. This in turn has shown demand recession and surplus production which has led to price war among the industry players. Total Turn over during the year is Rs. 447.67 Lac (Previous Year Rs. 408.05 Lac) showing increase of 9.71% over the previous year. We have made a loss after depreciation and interest of Rs.21.15 Laces (Previous Year Loss of Rs 38.08 Laces). However Exports during the year was



GUJARAT AUTOMOTIVE GEARS LIMITED

Rs.241.19 Lacs as against Rs.157.12 Lacs during previous year showing a growth of 53.51%. For next year, we are hopeful of achieving much higher export sales in our total turnover where the realization is also better. Also with signs of recovery in domestic market we are hopeful of achieving higher sales and better realization.

Director's Responsibility Statement: Your Board States that

- (I) In the preparation of the annual account for the year ended on 31st March, 2003, the applicable accounting standards had been followed and there had been no material departure from the said standard.
- (II) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2003 and of the profits of the company for the year ended on that day.
- (iii) The directors had taken proper and sufficient care 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 for preventing and detecting fraud and other irregularities.
- (iv) The directors had prepared annual accounts for the year ended 31st March 2003 on a going concern basis.

DIVIDEND:

The Board does not recommend any dividend for the year ended 31st March, 2003.

DIRECTORS:

Shri A.H.Patel and Shri B.J. Kothari shall retire pursuant to Article 132 of the Articles of Association of the Company and are eligible for re-appointment.

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 deposits U/S 58 A of the Companies Act, 1956 during the year.

GUJARAT AUTOMOTIVE GEARS LIMITED



AUDITORS' REPORT:

The observation of the Auditors, if any, is 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.

SECRETARIAL COMPLIANCE CERTIFICATE:

Secretarial Compliance Certificate of M/s Dinesh Mehta & Co. Company Secretaries as required under the Provision of section 383A(1) of the Companies Act, 1956 is annexed herewith.

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

A statement containing the necessary information 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
Director

Place : Kalali, Vadodara.
Date : 10/06/2003



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 BOARD 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) | |
| a) | Specific areas in which R&D carried out by the Company. | None |
| 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. | |



GUJARAT AUTOMOTIVE GEARS LIMITED

2) Technology absorption, adaption and innovation :

- | | |
|--|-----------------------------------|
| <p>a) Efforts, in brief made towards technology absorption, adaption and innovation</p> <p>b) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.</p> <p>c) In case of imported technology, imported during the last 5 years reckoned from the beginning of the financial year, following information may be furnished :</p> <ol style="list-style-type: none"> 1. Technology imported 2. Year of import 3. Has technology been fully absorbed ? 4. If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action | <p>None</p> <p>Not applicable</p> |
|--|-----------------------------------|

FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports initiative taken to increase exports, development of new export markets for products and services and export plans :
- Over two years period the Export Sales has increased substantially with regular followup visits to various markets for customer services, better level of growth is targetted.
- | | | |
|---|--|--|
| <p>b) Total foreign exchange used</p> | | <p>Rs. 11.43 Lacs
P. Y. (Rs. 2.85 Lacs)</p> |
| <p>c) Total foreign exchange earned</p> | | <p>Rs. 211.37 Lacs
P. Y (Rs.156.72 Lacs)</p> |



GUJARAT AUTOMOTIVE GEARS LIMITED

COMPLIANCE CERTIFICATE

To
The Members of
GUJARAT AUTOMOTIVE GEARS LIMITED
Kalali, Baroda 390 012.

We have examined the registers, records, books and papers of Gujarat Automotive Gears Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2003 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'B' to this Certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure' to this Certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made there under.
3. The company being a public limited company has the minimum prescribed paid up capital.
4. The Board of Directors duly met four times respectively on 29/4/02, 13/07/02, 16/10/02, and 31/01/03 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company closed its Register of Members, from 27/08/2002 to 29/08/2002 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31st March 2002 was held on 29/08/2002 after giving due notice to the members of the company and the resolutions passed there were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.