

GUJARAT AUTOMOTIVE GEARS LIMITED



ANNUAL REPORT 2005-2006

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

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AUDITORS

M/s. Kanu Doshi Associates, Mumbai.

BANKERS

UNITED BANK OF INDIA

REGISTERED OFFICE & FACTORY

Kalali, Vadodara - 390 012.





GUJARAT AUTOMOTIVE GEARS LIMITED

NOTICE

NOTICE is hereby given that the Thirty Fifth 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, the 26th August, 2006 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 2006 and the Profit and Loss Account for the Year ended on that day and the Directors' and the Auditor's Report thereon.
2. To declare dividend, if any
3. To appoint a Director in place of Shri D.C. Daftari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri M.D. 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.

Registered Office :

KALALI, VADODARA - 390 012

Date : 6/06/2006

By Order of the Board

NARESH KOTHARI

Managing Director

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 19.08.2006 (Saturday) To 26.08.2006 (Saturday)
3. Members are requested to immediately inform about their change of address, if any, to the Company.



GUJARAT AUTOMOTIVE GEARS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty Fifth Annual Report of the Company together with the audited accounts for the year ended on March 31, 2006.

FINANCIAL RESULTS :	2005-2006 Rs.	2004-2005 Rs.
Operating Profit	6357234	6114538
Less :Profit on sale of assets	226157	25426
	6131037	6089112
LESS:		
Depreciation	1891382	2160779
Profit For the Year	4239695	3928333
Less: Provision for Taxation	1200000	565000
Add: Prior Period adjustment	235643	Nil
Less: Provision for Deferred Tax Assets / Liabilities	693061	794827
Fringe Benefit Tax	223367	Nil
Profit After Tax	2358910	2568506
Balance of profit brought Forward From previous year	8743570	6175065
Profit Available for Appropriation	11102480	8743570
Less : Proposed Dividend	700000	Nil
tax On Proposed Dividend	98175	Nil
Transferred to General Reserve	176918	Nil
Net Profit Carried Forward to Balance Sheet	10127387	8743570

GUJARAT AUTOMOTIVE GEARS LIMITED**OPERATIONS:**

Total turnover during the year is Rs. 826.43 Lac (Previous Year Rs. 701.53 Lac) showing increase of 17.80 % over the previous year. We have made a Profit after depreciation and interest of Rs. 42.40 Lacs (Previous Year Profit of Rs 39.28 Lacs). Exports during the year was Rs. 663.27 Lacs as against Rs. 545.55 Lacs during Previous year showing a growth of 21.58%.

Director's Responsibility Statement: Your Board States that

- (I) In the preparation of the annual account for the year ended on 31st March, 2006, the applicable accounting standards had been followed and there had been no material departures from the said standards.
- (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, 2006 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 and 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 2006 on a going concern basis.

DIVIDEND:

The Board recommends 20% dividend (i.e. Rs 2 Per Share) for the year ended 31st March, 2006.

DIRECTORS:

Shri D C Daftari and Shri M.D.patel 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.

AUDITORS' REPORT:

The observation of the Auditors if any is explained by way of appropriate notes to the accounts.



GUJARAT AUTOMOTIVE GEARS LIMITED

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 - for their excellent co-operation and assistance.

for and on behalf of the Board

Shri B J Kothar

Chairman

Place : Kalali, VADODARA.

Date : 6/06/2006

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. | } |
| 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 | |

None

2) Technology absorption, adaptation and innovation :

- a) Efforts, in brief made towards technology absorption, adaptation and innovation
- b) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.
- 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 :
 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

Not applicable

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:

Export Sales has increased substantially with regular follow-up visits to various markets for customer services better level of growth is targeted.

b)	Total foreign exchange used	Rs. 21.18 Lacs P. Y. (Rs. 19.08 Lacs)
c)	Total foreign exchange earned	Rs. 663.27 Lacs P. Y. (Ind. Rs.534.87 Lacs)



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 2006 (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 there under 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 26/4/05, 11/07/05, 10/10/05 and 23/1/06 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 27/08/2005 to 03/09/2005 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 2005 was held on 03/09/2005 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.