

GUJARAT AUTOMOTIVE GEARS LIMITED

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ANNUAL REPORT 2006-2007

GUJARAT AUTOMOTIVE GEARS LIMITED



DIRECTORS

Mr. B.J. Kothari	-	Chairman
Mr. Naresh Kothari	-	Managing Director
Mr. Niranjani Unadkat	-	Whole Time Director (w.e.f.01-05-2007)
Mrs. T.N. Kothari	-	Director
Mr. A.H. Patel	-	Director
Mr. M.D. Patel	-	Director
Mr. D.C. Daftari	-	Director

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 Sixth 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 10th September, 2007 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 2007 and the Profit and Loss Account for the Year ended on that day and the Directors' and the Auditor's Reports thereon.
2. To declare Dividend, if any
3. To appoint a Director in place of Shri A.H.Patel who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B.J. Kothari 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 Mr. Niranjana Prabhudas Unadkat be and is hereby appointed as Director of the Company"
7. To consider and if thought fit, to pass with or without modification, the following resolutions as ordinary resolutions.

"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 Shri Niranjana Unadkat be and is hereby appointed as Whole time Director of the company with effect from 01-05-2007 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 :

[i] Salary:

Not exceeding Rs.75,000 [Rupees Seventy Five Thousand Only] per month [including perquisites and other allowance, if any] as may be decided by the Board of Directors from time to time.



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[ii] Perquisites and other allowances:

Perquisites and other allowances shall also be allowed in addition to salary. It should be valued in accordance with IT Rules 1962. However, total managerial remuneration by way of salary, perquisites and other allowances shall not exceed the overall limit of Rs.9,00,000 per annum.

Medical Reimbursement: Reimbursement of expenses actually incurred for self and family, subject to one month's consolidated salary.

Medical / Accident Benefits & Insurance: For self and family in accordance with the rules of the Company.

- [iii]** Contribution to provident fund, superannuation fund or annuity fund – Contribution to Provident Fund, Superannuation Fund or Annuity Fund will be as per the rules of the Company and the same will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- [iv]** Gratuity payable should not exceed half a month's salary for each completed year of service.
- [v]** Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- [vi]** Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites/remuneration. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned.
- [vii]** Leave : As per the rules of the Company
- [viii]** Other benefits: Such other benefits, allowances, facilities and perquisites as may be applicable in accordance with the practices and policies of the Company.
- [ix]** The remuneration aforesaid, including expressly the benefits and amenities aforesaid, shall be paid and provided as minimum remuneration to the Whole time Director notwithstanding the absence or inadequacy of profits in any accounting year of the company during the tenure of his office as the Whole time Director of the Company.

Registered Office :
KALALI, VADODARA - 390 012
Date : 15/06/2007

By Order of the Board
NARESH KOTHARI
Managing Director

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NOTICE

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 03-09-2007 (Monday) To 10-09-2007 (Monday)
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 & 7

Mr. Niranjana Prabhudas Unadkat is General Manager of the Company having experience of 34 years with the company. During his tenure with the Company he has worked with sincerity, loyalty and efficiently. His appointment as Director and also as Whole time Director of the Company, your Company will be benefited. The Company has received a notice U/s 257 of the Companies Act 1956 proposing him to appoint as Director of the Company.

Your Board recommends the above resolution:

None of the Directors except Mr. Niranjana Prabhudas Unadkat for his appointment as Director and also as Whole Time Director for the receipt of remuneration as Whole time Director is directly or indirectly concerned or interested in the above resolutions.



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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty - Sixth Annual Report of the Company together with the audited accounts for the year ended on March 31, 2007.

FINANCIAL RESULTS :	2006-2007 Rs.	2005-2006 Rs.
Operating Profit	7258480	6357234
Less :Profit on sale of assets	11953	226157
Operating Profit	7246527	6131037
LESS:		
Depreciation	1833579	1891382
Profit For the Year	5412948	4239695
Less: Provision for Taxation	2000000	1200000
Add: Prior Period adjustment	-	235643
Less: Provision for Deferred Tax Assets / Liabilities	(73390)	693061
Fringe Benefit Tax	152000	223367
Profit After Tax	3334338	2358910
Balance of profit brought Forward From previous year	10127388	8743570
Profit Available for Appropriation	13461726	11102480
Less : Proposed Dividend	700000	700000
tax On Proposed Dividend	118965	98175
Transferred to General Reserve	250076	176918
Net Profit Carried Forward to Balance Sheet	12392686	10127387

ERATIONS:

Total Turn over during the year is Rs.1011.42Lac (Previous Year Rs. 826.43 Lac) showing increase of 22.40 % over the previous year. We have made a Profit after depreciation and interest of Rs.54.13 Laces (Previous Year Profit of Rs 42.40 Laces). Exports during the year was Rs.892.90 Laces as

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against Rs. 663.27 Lacs during Previous year showing a growth of 34.62%.

Focus on export sales with regular visits to existing customers has lead to increase in volumes as well as better realization and also tapping of new markets has resulted in higher percentage of export sales which will be continued.

Director's Responsibility Statement: Your Board States that

- (I) In the preparation of the annual account for the year ended on 31st March, 2007, the applicable, accounting standards had been followed and there had been no material departures from the said standard.
- (II) The directors had selected such accounting policies and applied it 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, 2007 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 statement 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 2007 On a going concern basis.

DIVIDEND:

The Board recommends 20% dividend (i.e Rs 2 Per Share) for the year ended 31st March, 2007.

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.

The Board of Directors has appointed Mr. Niranjana Prabhudas Unadkat as Additional Director and also as Whole time Director of the Company w.e.f. 1st of May 2007. The Company has received a notice U/s 257 of the Companies Act 1956 to appoint Mr. Niranjana Prabhudas Unadkat 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 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.

AUDITORS:

Messrs Kanu Doshi Associates, the Auditors of your Company retire at the ensuing Annual General



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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.

Exemption from the applicability of Section 58A of the Companies Act:

The Central Government, the Ministry of Company Affairs has granted exemption from the applicability of the provisions of Section 58A of the Companies Act 1956 read with Rules 3(2) (ii) of the Companies (Acceptance of Deposits) Rules 1975 for holding deposits in excess of the limit prescribed in the said Rule for the year 2002-2003 subject to the following conditions, as per order F. No. 7/1/2007-CL-VI dated 21-03-2007.

- (i) The exemption granted will be without prejudice to any legal rights available to any depositor or any shareholder or creditor as per law in force in respect of recovery of any amount that has become due for repayment;
- (ii) The exemption granted would be under sub-section (8) of section 58A of the Companies Act, 1956 only and such exemption would not convey approval of Central Government under any other provisions of the Companies Act, 1956 or under any other law in force.
- (iii) The aforesaid conditions subject to which the exemption has been granted shall be indicated in the next report of the Board of Directors.
- (iv) If any of the conditions attached to the exemption granted by the Central Government under section 58(A)(8) of the Companies Act 1956 is contravened, the exemption will automatically stand cancelled and the company will become liable for prosecution.

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 : 15/06/2007

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 | | |



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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

None

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 due to regular Follow-up visits to various markets, also visit fairs and exhibition for new customers product development.

b)	Total foreign exchange used	Rs. 23.31 Lacs P. Y. (Rs. 21.18 Lacs)
c)	Total foreign exchange earned	Rs. 891.09 Lacs P. Y. (Ind. Rs.663.27 Lacs)