

GUJARAT AUTOMOTIVE GEARS LIMITED



DIRECTORS

Mr. Naresh Kothari	-	Chairman & Managing Director
Mr. Niranjan Unadkat	-	Whole Time Director
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 ASSOCIAETS, MUMBAI

REGISTERED OFFICE & FACTORY

KALALI , VADODARA - 390 012.



GUJARAT AUTOMOTIVE GEARS LIMITED



NOTICE

NOTICE is hereby given that the Thirty Nine 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 4th, September, 2010 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 2010 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 Mr D C Daftari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs Tejas Kothari who retires by rotation and being eligible, offers herself 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 resolutions as Special Resolutions:

"RESOLVED that pursuant to section 269, 198, 309, and other provisions applicable, if any and schedule XIII of the Companies Act, 1956 consent of the members of the Company be and is hereby given for the re-appointment of Shri Naresh Kothari as Managing Director of the Company for a period of five years with effect from the 28th March, 2010 on the terms and conditions as detailed hereunder, with a liberty to the Board of Directors of the Company to modify the said terms and conditions within the limits prescribed/ which may be prescribed in schedule XIII of the Companies Act, 1956 and any amendment thereof from time to time:

[i] **Salary:**

Not exceeding Rs.2,00,000 (Rupees Two Lac Only) per month (including perquisites and other Allowances, if any).

[ii] **Perquisites and other allowances:**

Perquisites and other allowances shall also be allowed in addition to salary. However, total managerial remuneration by way of salary, perquisites and other allowances shall not exceed the overall limit of Rs.24,00,000 per annum.

- [iii] Contribution to provident fund, superannuation fund and annuity fund will not be included in the computation of the ceiling on managerial remuneration to the extent these either singly or put together



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are not taxable under the Income-Tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.

- [iv] Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- [v] 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.

COMMISSION:

Remuneration by way of commission may also be allowed in addition to salary, perquisites and allowance or in lieu thereof, based on the net profits of the Company in a particular year. However, it will be subject to the overall ceilings laid down in section 198 and section 309.

"RESOLVED FURTHER THAT, where in any financial year, during the currency of tenure of Shri Naresh Kothari as Managing Director, the Company has no profit or its profits are inadequate, it may pay him minimum remuneration by way of salary, perquisites and allowances not exceeding the limits specified above.

RESOLVED FURTHER THAT remuneration payable as above is fixed for a period of 3 years (i.e. from 28th March, 2010 to 27th March, 2013) and thereafter total remuneration not exceeding Rs. 1,00,000 per month and not exceeding Rs. 12,00,000 per annum will be paid to Shri Naresh Kothari as Managing Director unless a special resolution is passed at the general meeting of the Company for payment of remuneration as mentioned in para 1 [B] of section II in part II of schedule XIII of the Companies Act, 1956.

Registered Office
KALALI, VADODARA - 390 012
Date : 1-05-2010

By Order of the Board
NARESH KOTHARI
Chairman & Managing Director

NOTES :

- [1] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIM. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- [2] Members should notify change in the address, if any, specifying full address in block letters with pin code of the post office.
- [3] Members seeking further information on the accounts or any other matter contained in the notice are requested to write to the Company at least 7 days before the meeting, so that relevant information can be kept ready at the meeting.

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- [4] The register of members and share transfer book will remain closed from Monday, the **30th August, 2010 to Saturday, the 4th September, 2010** [both days inclusive].
- [5] Members attending the meeting are requested to bring their copy of the Annual Report.
- [6] Explanatory statement setting out all material facts concerning the special business u/s 173 (2) of the companies Act, 1956 is annexed hereto :

Explanatory statement in respect of the special business u/s 173 (2) of the companies Act, 1956

Item No.6

1. Shri Naresh Kothari was re-appointed as Managing Director of the Company with effect from the 28th March, 2005 as per the resolution passed by the members of the Company at the annual general meeting of the Company held on 2nd, September, 2004. He is looking after the marketing and overall administration of the Company.

The information required as per para 1 [B] [IV] of section II of para II of schedule XIII is furnished hereunder:

General Information:

- I **Nature of Industry** : Automobile industry manufacturing transmission gears and other automobile items since 1973.
- II **Financial Performance** : The Company's net profit after taxation is Rs.133.97/- (previous year Rs.114.32. lacs) for the year ended 31st March, 2010.
- III **Export Performance** : The Company has made export of Rs.1371.79 (previous year Rs1225.83 lacs) during the year ended 31st March, 2010.
2. Information about Shri Naresh Kothari, Appointee :

Shri Naresh Kothari is Commerce graduate and Diploma in Marketing and advertising Management having experience of 32 years. He is looking after the marketing and overall administration of the Company. He was paid remuneration of Rs.75000/-per month and other perquisites. He was paid total remuneration of Rs1208096/- for the period ended 31st March, 2010.

The Remuneration Committee of the Company has recommended remuneration as mentioned in the proposed resolution.

Comparative remuneration figure with respect to industry is not available. However, proposed remuneration payable to Shri Naresh Kothari is low comparing his efforts and responsibility as Managing Director of the Company.

Shri Naresh Kothari has no pecuniary relationship directly or indirectly with the Company as managerial personnel except remuneration as Managing Director drawn by him and dividend on equity shares,



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declared if any, by the Company for his shareholding in the Company.

3. Other Information :

The Company has improved financial performance during the period ended 31st March, 2010, and made a profit of Rs209.69 lacs. The Company has taken various steps to increase its sales and profit. Company expects reasonable growth during the year 2010-11 and thereafter.

4. Disclosures:

No other directors except Mr.Niranjan Unadkat, Wholetime Director is paid remuneration of Rs.40000/- per month and he was paid total remuneration of Rs.550556/-for the year ended 31st March,2010. No other directors are paid any remuneration except sitting fee of Rs.500 per meeting for attending Board meeting.

The Managing Director has to give a notice of three months to resign from the Company. Further, no Directors have been given stock option till date.

None of the Directors except Shri Naresh Kothari for drawing his remuneration and Mrs.T.N.Kothari, Director being a relative of Shri Naresh Kothari, is interested in these resolutions.

This explanatory statement together with the accompanying notice may also be considered as an abstract of terms of the contract and memorandum under section 302 of the Companies Act, 1956.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirty-Ninth Annual Report of the Company together with the audited accounts for the Year ended on March 31, 2010

FINANCIAL RESULTS :	2009-2010	2008-2009
	Rs.	Rs.
Profit	23444582	20568179
Less :Loss/Profit on sale of assets	(256562)	25763
Operating Profit	23701144	20542416
Less : Depreciation	2731865	2717404
Profit for the Year	20969279	17825012
Less : Provision For Taxation	7450000	5533000
Less :Provision for Deferred Tax Assets / Liabilities	(141392)	606845
Less : Short Provision Of Tax	262894	---
Fringe Benefit Tax	---	253078
Profit After Tax	13397777	11432089
Balance Of Profit Brought Forward From Previous Year	24884711	15824280
Profit Available for Appropriation	38282488	27256368
Less : Proposed Dividend	1050000	1050000
Tax On Proposed dividend	174392	178448
Transferred to General Reserve	1339778	1143209
Net Profit Carried Forward to Balance Sheet	35718318	24884711

OPERATIONS:

Total Turn over during the year is Rs.1443.47 Lacs (Previous Year Rs. 1281.46 Lacs) showing increase of 12.65 % over the previous year. We have made a Profit after depreciation and interest of Rs.209.69 Lacs (Previous Year Profit of Rs 178.25 Lacs). Exports during the year was Rs.1371.79 Lacs as against Rs. 1225.83 Lacs during Previous year showing a growth of 11.91%.

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.



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Director's Responsibility Statement: Your Board States that

- I) In the preparation of the annual account for the year ended on 31st March, 2010 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, 2010 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 2010 On a going concern basis.

DIVIDEND:

The Board recommends 30% dividend (i.e. Rs 3.00 Per Share) for the year ended 31st March, 2010.

DIRECTORS:

Mr D C Daftari and Mrs. Tejas 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.

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

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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 for their co-operation.

for and on behalf of the Board

Naresh Kothari

Chairman & Managing Director

Place : Kalali, VADODARA.

Date : 1-05-2010



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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 : | N.A. |
| b) | Additional investments and proposals, if any, being implemented for reduction of energy : | N.A. |
| 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. | |