

GUJARAT AUTOMOTIVE GEARS LIMITED

ANNUAL REPORT
2011-2012

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 ASSOCIATES, MUMBAI

REGISTERED OFFICE & FACTORY

KALALI, VADODARA - 390 012.



GUJARAT AUTOMOTIVE GEARS LIMITED

NOTICE

NOTICE is hereby given that the Forty-First 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 Tuesday, 28th August.2012 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 2012 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 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, consent of the members of the Company be and is hereby given for the re-appointment of Shri Niranjana Unadkat as Whole time Director of the company with effect from 01-05-2012 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.2,50,000 [Rupees Two Lacs Fifty Thousand Only] per month [including perquisites and other allowances, if any] as may be decided by the Board of Directors from time to time.

[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.30,00,000 per annum.



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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 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.

"RESOLVED FURTHER THAT, where in any financial year, during the currency of tenure of Shri Niranjana Unadkat as Wholetime 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 1st May, 2012 to 30th April,2015) 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 Niranjana Unadkat as Wholetime 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.



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7. To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolution:

"RESOLVED that subject to the provisions of section 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, consent of the members of the Company be and is hereby given for the payment of remuneration to Shri Naresh Kothari as Managing Director of the Company with effect from 28-03-2013 to 27-03-2015 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.2,50,000 [Rupees Two Lacs Fifty Thousand Only] per month [including perquisites and other allowance, if any] as may be decided by the Board of Directors from time to time.

[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.30,00,000 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.



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[ix] The remuneration aforesaid, including expressly the benefits and amenities aforesaid, shall be paid and provided as minimum remuneration to the Managing Director notwithstanding the absence or inadequacy of profits in any accounting year of the company during the tenure of his office as the Managing Director of the Company.

Registered Office
KALALI, VADODARA - 390 012
Date : 14-05-2012

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.
- [4] The register of members and share transfer book will remain closed from Tuesday 21st, August 2012 to Tuesday 28th, August 2012 [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 Pursuant to Section 173 of the Companies Act 1956 is attached.

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

Item No.6

Shri Niranjana Unadkat was appointed as Wholetime Director of the Company with effect from the 1st May, 2007 as per the resolution passed by the members of the Company at the annual general meeting of the Company held on 10/09/2007. He is looking after the over all activities of the Company subject to the superintendence, direction and control of the Board of Directors of the Company.



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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 tax for the year ended 31st March, 2012 is Rs. 359.09lacs.

iii. Export Performance : The Company has made export of Rs.2130.78 lacs (previous year 1657.21 lacs) during the year ended 31st March, 2012.

2. Information about Shri Niranjana Unadkat, Appointee :

Shri Niranjana Unadkat is having experience of 30 years. He is looking after the over all activities of the Company. He was paid remuneration and other perquisite of Rs.5,44,606 per annum.

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 Niranjana Unadkat is low comparing his efforts and responsibility as Wholetime Director of the Company.

Shri Niranjana Unadkat has no pecuniary relationship directly or indirectly with the Company as managerial personnel except remuneration as Wholetime Director drawn by him and dividend on equity shares, 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, 2012, and made a profit of Rs. 359.09 lacs. The Company has taken various steps to increase its sales and profit. Company expects reasonable growth during the year 2012-13 and thereafter.

4. Disclosures:

No other directors except Shri Naresh Kothari, Managing Director and Mr.Niranjana Unadkat, Wholetime Director are paid remuneration. They were paid remuneration of Rs.22,52,691 and Rs.5,44,606 respectively for the year ended 31st March, 2012. No other directors are paid any remuneration except sitting fee of Rs.1000 per meeting for attending the Board meeting.



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The Wholetime 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 Mr.Niranjana Unadkat, Wholetime Director for drawing his remuneration 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.

Item No.7

Shri Naresh Kothari appointed as Managing Director of the Company at the annual general meeting held on 04/09/2010. He is looking after the marketing and overall administration of the Company subject to the superintendence, direction and control of the Board of Directors 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 tax for the year ended 31st March, 2012 is Rs. 359.09lacs.

iii. Export Performance : The Company has made export of Rs.2130.78 lacs (previous year 1657.21 lacs) during the year ended 31st March, 2012.

2. Information about Shri Naresh Kothari, Appointee :

Shri Naresh Kothari is having experience of 31 years. He is looking after the marketing and overall administration of the Company. He was paid remuneration and other perquisite of Rs.22,52,691 during the year 2011-2012.

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.



GUJARAT AUTOMOTIVE GEARS LIMITED

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, 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, 2012, and made a profit of Rs. 359.09 lacs. The Company has taken various steps to increase its sales and profit. Company expects reasonable growth during the year 2012-13 and thereafter.

4. Disclosures:

No other directors except Shri Naresh Kothari, Managing Director and Mr. Niranjana Unadkat, Wholetime Director are paid remuneration. They were paid remuneration of Rs.22,52,691 and Rs.5,44,606 respectively for the year ended 31st March, 2012. No other directors are paid any remuneration except sitting fee of Rs.1000 per meeting for attending the 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. Tejas 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.

Registered Office
KALALI, VADODARA - 390 012
Date : 14-05-2012

By Order of the Board
NARESH KOTHARI
Chairman & Managing Director



GUJARAT AUTOMOTIVE GEARS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Forty-First Annual Report of the Company together with the audited accounts for the Year ended on March 31, 2012

FINANCIAL RESULTS :	2011-2012 Rs.	2010-2011 Rs.
Total Profit	57076469	80513606
Less : Loss/Profit on sale of assets	201739	278341
Profit on sale of land	0	52155872
Operating Profit	56874730	28079393
Less : Depreciation	3581442	2885939
Operating Profit for the Year after depreciation but before tax	53293288	25193454
Total Profit before Taxation(2+3+6)	53495027	77627667
Less : Provision For Taxation	17500000	19000000
Less : Provision for Deferred Tax Assets / Liabilities	86136	(385854)
Less : Short Provision of Tax	0	43674
Profit After Tax	35908891	58969847
Balance Of Profit Brought Forward From Previous Year	68452242	35718318
Profit Available for Appropriation	35908891	94688165
Less : Proposed Dividend	17500000	17500000
Tax On Proposed dividend	2838938	2838938
Transferred to General Reserve	3590890	5896985
Net Profit Carried Forward to Balance Sheet	80431306	68452242

OPERATIONS:

Total Turn over during the year is Rs. 2240.24 Lac (Previous Year Rs. 1763.13 Lac) showing increase of 27.06 % over the previous year. We have made a Profit after depreciation and interest of Rs. 532.93 Lacs (Previous Year Profit of Rs 251.93 Lacs). Exports during the year was Rs. 2137.70 Lacs as against Rs. 1657.21 Lacs during Previous year showing a growth of 28.99 %.

During the current year the exchange rate of Rupee was weak against US Dollar & Euros resulting in favourable realization on export sales which constituted 96 % of our total sales.

During the coming year focus on export will be primary with regular visits to customers for providing better service and also visiting various fairs and exhibitions for tapping of new customer.