

**GUJARAT AUTOMOTIVE GEARS LIMITED**

CIN: L29130HP1971PLC000904

**FOURTY SIXTH ANNUAL REPORT 2016-2017**

**BOARD OF DIRECTORS:**

|                          |   |                                     |
|--------------------------|---|-------------------------------------|
| Mr Rajiv Aggarwal        | - | Managing Director.                  |
| Mr Ravikant Dhawan       | - | Non Executive Independent Director. |
| Mr Rajendra Prasad Sinha | - | Non Executive Independent Director. |
| Mrs. Anju Aggarwal       | - | Non-Executive Director.             |

**CHIEF FINANCIAL OFFICER:**

Mr. Shailesh Gandhi.

**COMPANY SECRETARY:**

Mr. Chintan Doshi.

**AUDITORS:**

M/S. Kanu Doshi Associates LLP, Mumbai

**REGISTERED OFFICE:**

Village Billanwali, Baddi-173205 Distt. Solan  
(Himachal Pradesh)  
Telephone No.+91(1795)654025/654026  
Fax No.+91(1795)245467  
E mail : Gujarat.gears@gagl.net  
Gujarat.gears@gmail.com  
Web site :www.gagl.net.

**CORPORATE OFFICE :**

Kalali-Vadodara-390 012 (Gujarat)  
Telephone No. +91(265)2680164/2680537  
Fax No.: +91(265)2680984

**BANKERS:**

State Bank of India  
Small Industries Development Bank Of India

**REGISTRAR AND SHARE**

**TRANSFER AGENT**

MCS Shares Transfer Agent Limited  
1st Floor, Neelam Apartment,  
88, Sampatrao Colony,  
Above Chappanbhog Sweet, Alkapuri,  
Vadodara - 390 007  
Tel No. 0265 - 2314757  
Email: mcslttdbaroda@gmail.com

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## NOTICE

CIN: L29130HP1971PLC000904

Regd. Office: Vill. : Billanwali, Baddi-173205 Distt. Solan (HP)

**NOTICE is hereby given that the 46th Annual General Meeting of the members of GUJARAT AUTOMOTIVE GEARS LIMITED will be held at 11:30 a.m. on Saturday, the 30th December, 2017 at the Registered Office of the Company situated at Vill. Billanwali, Baddi - 173205, District. Solan (HP) to transact the following businesses:**

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statement for the year ended on 31st March, 2017 of the Company together with the Directors' and Auditors' Reports thereon.
2. To appoint a director in place of Mrs. Anju Aggarwal (DIN 00094267), who retires by rotation and is being eligible for re-appointment.
3. To consider and if thought fit, to pass following resolution as an Ordinary Resolution.

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and pursuant to recommendations of Audit Committee and the Board of Directors, M/s PRA Associates, Chartered Accountants having Firm Registration No. 002355N, be and are hereby appointed as the Joint Auditors of the Company, for a period of five years to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 51st AGM of the Company to be held in the year 2022 (subject to ratification of their appointment at every AGM), to examine and audit the accounts of the Company, at such remuneration as may be agreed between the Board of Directors and the Auditors."

4. To consider and if thought fit, to pass following resolution as an Ordinary Resolution.

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and pursuant to recommendations of Audit Committee and the Board of Directors, M/s M L Bhuwania and Co LLP, Chartered Accountants having Firm Registration No. 101484W/W100197, be and are hereby appointed as the Joint Auditors of the Company, for a period of five years to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 51st Annual General Meeting of the Company to be held in the year 2022 (subject to ratification of their appointment at every AGM), to examine and audit the accounts of the Company, at such remuneration as may be agreed between the Board of Directors and the Auditors."

### SPECIAL BUSINESS :

5. To fix the remuneration of Mr. Rajiv Aggarwal, Managing Director of the Company and in this regard to consider and, if thought fit, to pass, the following resolutions as Special Resolution:

**"RESOLVED THAT** pursuant to section 197, 200, 203 and other applicable sections, if any, and schedule V and subject to approval of the Central Government if required, consent of the members of the Company be and is hereby accorded to fix remuneration payable to Mr. Rajiv Aggarwal with effect from 01st April, 2017 to 11th September, 2018 as under:

- A. Salary: Not exceeding Rs. 5,50,000 [Rupees Five Lacs Fifty Thousand] per month [including perquisites and other allowance, if any.]
- B. Perquisites:
  - i. Rent Free Accommodation: - Rent Free accommodation subject to ceiling of Rs. 2.50 lacs p.m.
  - ii. Medical Reimbursement: - Reimbursement of expenses incurred for medical treatment for himself and his family.
  - iii. Club Fees: - Fees of Club subject to maximum of two clubs, including admission and life membership fees.
  - iv. Personal accident insurance premium not exceeding Rs. 4000 p.a.
  - v. Reimbursement of Newspapers and periodicals subject to maximum limit of 24000 p.a.
  - vi. Leave travelling concession: - First class air passage for self, wife, dependent children and dependent parents, once in year to any place within or Outside India subject to limit of Rs. 3.00 lacs.
  - vii. Conveyance Allowance Rs 5000 per month.
  - viii. Contribution to provident fund, superannuation fund, or annuity fund to the extent these, either singly or put together, are not taxable under Income tax act, 1962. Gratuity payable shall not exceed ½ month's salary for each completed year of service. Encashment of un-availed leave at the end of tenure.

**RESOLVED FURTHER THAT** where in any financial year, during the currency tenure of Mr. Rajiv Aggarwal as a Managing Director, the Company has no profit or its profits are inadequate, it may pay him with minimum remuneration by way of salary, perquisites and allowances not exceeding the limits specified above for the period w.e.f. 1st April, 2017 to 11th September, 2018."

By Order of the Board of Directors

Dated : 27-11-2017

Place: Baddi

**Rajiv Aggarwal**  
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. A PROXY FORM IS SENT HERewith.

A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company.

Proxy submitted on behalf of the companies, Societies etc. must be supported by an appropriate resolution/ authority as applicable.

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 Saturday, the 23rd December, 2017 to Saturday, the 30th December, 2017 [both days inclusive].
5. Members attending the meeting are requested to bring their copy of the Annual Report.
6. Pursuant to Section 72 of the Companies Act, 2013, members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filing required form.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agent.
8. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has created an E-mail. Id: gujarat.gears@gmail.com for quick redressal of shareholders/investors grievances.
9. In terms of the Circulars No. 17/2011 of 21st April, 2011 and 18/2011 of 29th April, 2011 issued by the Ministry of Corporate Affairs (MCA) as part of its "green initiative in Corporate Governance", MCA allows paperless compliances including service of a notice/document by companies to their members through electronic mode. Therefore as was done last year, the Company proposes to send documents required to be sent to the members like Notices of General Meetings (including AGM), Audited Financial Statements, Report of the Directors, and Independent Auditor's Report etc to the members in electronic form to the e-mail IDs provided by them and made available to the Company by the Depositories. This will also ensure prompt receipt of communication and avoid loss in postal transit. These documents will also be available on the Company's website www.gagl.net for download by the Members. The physical copies of the annual report will be made available upon receipt of a requisition from the members, any time as a member of the Company.
10. Voting through electronic means (E-voting): Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015, the Company is pleased to provide E-voting facility through Central Depository Services (India) Limited (CDSL) as an alternative for all the members of the Company to enable them to cast their votes electronically. The instructions for E-voting are attached herewith.
11. The Board of Directors of the Company has appointed Mr. Deepak Gupta, Chartered Accountant as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
12. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member (in case of electronic shareholding) as on the cut-off date i.e 23rd December, 2017.
13. A person, whose name is recorded in the register of members by the depositories as on the cut-off date, i.e. 23rd December, 2017 only shall be entitled to avail the facility of e-voting / Poll.
14. The e-voting facility will be available during the following period: Commencement of e-voting: From 9.00 a.m. (IST) on 27th December, 2017 End of e-voting: Up to 5.00 p.m. (IST) on 29th December, 2017.  
The e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by (CDSL) upon expiry of aforesaid period.
15. The Scrutinizer, after scrutinising the votes cast at the meeting on poll and through e-voting will, not later than 48 hrs of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.gagl.net and the results shall simultaneously be communicated to the Bombay Stock Exchange.
16. Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting.
17. Explanatory statement setting out all material facts concerning the special business u/s 102 of the Companies Act, 2013 is annexed hereto:

### ANNEXURE TO ITEM NO. 2 OF THE NOTICE

Additional information on directors recommended for appointment/ reappointment as required under regulation 36 (3) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

|  |                                 |
|--|---------------------------------|
| <b>Name of the Director</b>  | <b>Mrs. Anju Aggarwal</b>       |
| <b>Date of Birth</b>   | 5 <sup>th</sup> January, 1955   |
| <b>Nationality</b>   | Indian                          |
| <b>Date of Appointment on Board</b>  | 28 <sup>th</sup> December, 2015 |
| <b>Qualifications</b>  | M.A. (English)                  |
| <b>Nature and Expertise in specific functional areas</b>   | General Management              |
| <b>Number of shares held in Company</b>  | 7821                            |
| <b>List of Directorship and Committee membership in Listed Companies (other than Gujarat Automotive Gears Limited)</b> | Nil                             |
| <b>Relationship between directors inter-se</b>   | Nil                             |



## Explanatory statement in respect of the special business u/s 102 of the Companies Act, 2013

### Item No.5

At the 43rd Annual General Meeting ("AGM") of the Company held on 27.09.2014, shareholders by special resolution approved the appointment of Mr. Rajiv Aggarwal as Managing Director for a period of five years w.e.f. 12th September, 2013. At the same AGM shareholders also approved remuneration payable to Mr. Rajiv Aggarwal not exceeding Rs.3,50,000 per month w.e.f. 01.04.2014 for the period of three years. He is a qualified Chartered Accountant and Company Secretary and having more than 35 years of experience in industry. He is looking after finance, legal, banking, accounts and other commercial matters of the company. Looking to the responsibilities shouldered by Mr. Rajiv Aggarwal, remuneration committee of the Company has recommended to increase in his remuneration with effect from 1st April,2017.

The information required as per part II of schedule V of the Companies Act,2013 is furnished hereunder:

#### I. General Information:

- 1. Nature of Industry :** Automobile industry manufacturing auto parts since 1973.
- 2. Financial Performance:** Total turnover during the year is Rs.3370.63 Lac (Previous Year Rs. 2562.78 Lac) showing increase of 31.52% over the previous year. We have made a Profit after depreciation and interest of Rs. 800.57 Lac (Previous Year Profit of Rs. 617.15 Lac).
- 3. Export Performance:** Exports during the year were Rs. 3124.34 Lac as against Rs. 2435.42 Lac during the previous year. During the current year our export sales are 92.69% of our total turnover.

#### II. Information about Mr. Rajiv Aggarwal, Appointee :

- 1. Background details:** Mr. Rajiv Aggarwal is a qualified Chartered Accountant and Company Secretary and having more than 35 years of experience in industry. He is looking after finance, legal, banking, accounts and other commercial matters of the company.
- 2. Past Remuneration:** Rs.3,50,000 per month as Managing Director of the Company.
- 3. Recognition or awards:** None
- 4. Job profile and his suitability :** He is looking after finance, legal, banking, accounts, marketing and other commercial matters of the company and proposed remuneration is low comparing his qualification, experience, efforts and responsibility as Managing Director of the Company.
- 5. Remuneration proposed:**
  - A. Salary: Not exceeding Rs. 5, 50,000 [Rupees Five Lacs Fifty Thousand] per month [including perquisites and other allowance, if any] w.e.f 1st April, 2017.**
  - B. Perquisites:**
    - i. Rent Free Accommodation:** - Rent Free accommodation subject to ceiling of Rs. 2.50 lacs p.m.
    - ii. Medical Reimbursement:** - Reimbursement of expenses incurred for medical treatment for himself and his family.
    - iii. Club Fees:** - Fees of Club subject to maximum of two clubs, including admission and life membership fees.
    - iv. Personal accident insurance premium** not exceeding Rs. 4000 p.a.
    - v. Reimbursement of Newspapers and periodicals** subject to maximum limit of 24000 p.a.
    - vi. Leave travelling concession:** - First class air passage for self, wife, dependent children and dependent parents, once in year to any place within or Outside India subject to limit of Rs. 3.00 lacs.
    - vii. Conveyance Allowance** Rs 5000 per month.
    - viii. Contribution to provident fund, superannuation fund, or annuity fund** to the extent these, either singly or put together, are not taxable under Income tax act, 1962. Gratuity payable shall not exceed ½ month's salary for each completed year of service. Encashment of un-availed leave at the end of tenure.
- 6. Comparative remuneration profile with respect to industry size, size of company, profile of the person:**

Comparative remuneration figure with respect to industry is not available. However, proposed remuneration payable to Mr. Rajiv Aggarwal is low comparing his qualification, experience, efforts and responsibility as Managing Director of the Company.
- 7. Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel:**

Mr. Rajiv Aggarwal 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.

#### III. Other information:

- 1. Reason for inadequate profits :** Due to industrial recession, sales could not increase as expected and Company can not increase price of its products to maintain export sales.
- 2. Steps taken or proposed to be taken for improvement:** The Managing Director will visit frequently the foreign countries to procure more orders and try to boost export sales.
- 3. Expected increase in productivity and profits in measurable terms:** Considering the market situation it is difficult to predict productivity and profits in measurable terms in the coming years.

The Board of Directors recommends the resolution for the approval of the members.

No Director, Key Managerial Personnel or their relatives, except Mr. Rajiv Aggarwal is directly or indirectly concerned or interested in the above resolution except to the extent of his shareholding (including his relatives), if any, in the Company.

This explanatory statement together with the accompanying notice may also be considered as an abstract of terms of the contract and memorandum under section 102 of the Companies Act, 2013.

The instructions for shareholders voting electronically are as under:

1. The voting period begins on 27th December, 2017 at 9:00 A.M. and ends on 29th December, 2017 at 5:00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23rd December, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
3. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
4. Click on Shareholders.
5. Now enter your User ID  
For CDSL: 16 digits beneficiary ID,  
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,  
Members holding shares in Physical Form should enter Folio Number registered with the Company.
6. Next enter the Image Verification as displayed and Click on Login.
7. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
8. If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

|   |   |
|---|---|
| <b>PAN</b>  | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br><br>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the serial number print in address slip.  |
| <b>Dividend Bank Details OR Date of Birth (DOB)</b> | Enter the Date of Birth as registered with the DP/RTA in dd/mm/yyyy format Or Enter the Dividend Bank Details as recorded with your DP/RTA.<br><br>Please note - In respect of Physical shareholding and whose DOB and Dividend bank details are not registered with DP/RTA should enter No. of shares held by you as on the cut-off date i.e. <b>23<sup>rd</sup> December, 2017.</b> |

9. After entering these details appropriately, click on "SUBMIT" tab.
10. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
11. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
12. Click on the EVSN i.e. **171201002** for the relevant Company Name, i.e. Gujarat Automotive Gears Limited on which you choose to vote.
13. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
14. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
15. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
16. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
17. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
18. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
19. Note for Non - Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
20. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**By Order of the Board of Directors**

**Dated : 27-11-2017**  
**Place: Baddi**

**Rajiv Aggarwal**  
**Managing Director**



## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting the 46<sup>th</sup> Annual Report of the Company together with the audited accounts for the Financial Year ended March 31, 2017.

### 1. Financial summary or highlights/Performance of the Company

#### FINANCIAL RESULTS:

(Rupees in lacs)

| Particular  | 2016-2017<br>Rs. | 2015-2016<br>Rs. |
|---|------------------|------------------|
| Operating Profit  | 830.89           | 645.92           |
| Less : Depreciation   | 30.32            | 28.77            |
| Total Profit for the year after depreciation but before tax | 800.57           | 617.15           |
| Less : Provision for taxation                               | 272.00           | 207.00           |
| Less : Provision for deferred tax assets / liabilities      | (2.42)           | 0.21             |
| Profit after tax  | 530.99           | 409.94           |
| Balance of profit brought forward from previous year        | 2327.46          | 1973.33          |
| Profit available for appropriation                          | 2858.45          | 2383.27          |
| Less : Proposed dividend                                    | 0                | 12.25            |
| Less : Tax on proposed dividend                             | 0                | 2.49             |
| Less : Transferred to general reserve                       | 0                | 41.07            |
| Less : Depreciation charged to Reserve & Surplus (P&L A/c)  | 0                | 0                |
| Net profit carried forward to balance sheet                 | 2858.45          | 2327.46          |

### 2. Dividend.

The Board has not recommended any dividend for the Financial Year 2016-17.

### 3. Reserves.

For the financial year 2016-17 the Company proposes to carry Rs.344.95 lacs to the reserves which results in aggregate reserves and surplus of Rs. 3203.41 lacs.

### 4. Brief description of the Company's working during the year/State of Company's affair.

Total turnover during the year is Rs.3370.63 Lac (Previous Year Rs. 2562.78 Lac) showing increase of 31.52% over the previous year. We have made a Profit after depreciation and interest of Rs. 800.57 Lac (Previous Year Profit of Rs. 617.15 Lac). Exports during the year were Rs. 3124.34 Lac as against Rs. 2435.42 Lac during the previous year. During the current year our export sales are 92.69% of our total turnover. As in the past, during the coming year more focus will be on exports with regular visits to customers and tapping new customers at trade fairs and exhibition.

### 5. Change in the nature of business, if any.

There is no change in the nature of business during the financial year 2016-17.

### 6. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

No material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.

### 7. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

During the year 2016-17 no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

### 8. In the matter of Amalgamation of Him Teknoforge Limited (Transferor Company) with the Company i.e. Gujarat Automotive Gears Limited (Transferee Company), under section 230-232 read with section 66 and other applicable provisions of the Companies Act, 2013.

Hon'ble National Company Law Tribunal, Chandigarh Bench ("NCLT"), in the matter of Amalgamation of Him Teknoforge Limited (Transferor Company) with Transferee Company, under section 230-232 read with section 66 and other applicable provisions of the Companies Act, 2013, vide its order dated 05.05.2017 directed the meeting of secured creditors, unsecured creditors and shareholders of the company as on 23.06.2017.

As directed by the NCLT, the meeting of secured creditors, unsecured creditors and shareholders of the company was held on 23.06.2017 at Chandigarh and the matter of Amalgamation as stated above was passed with the requisite majority respectively.

Further update on the same matter shall be disseminated to the stakeholders as may require, through the website of Bombay Stock Exchange (BSE) and Company's own website i.e. www.gagl.net

**9. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.**

The Company has appointed internal auditor for adequacy of internal financial controls and your Board has taken adequate care for financial control. The Auditors' report on Internal Financial Control is attached herewith as Annexure B to the Auditors' Report.

**10. Details of Subsidiary/Joint Ventures/Associate Companies.**

Your Company has no Subsidiary/Joint Ventures/Associate Companies during the year.

**11. Performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement.**

No details are given as your Company has no Subsidiary/Joint Ventures/Associate Companies during the year.

**12. Deposits.**

Your Company has not accepted any deposit during the year and there was no deposit at the beginning of the year. Therefore the details relating to deposits, covered under Chapter V of the Act is not applicable.

**13. Auditors.**

• **Statutory Auditors:**

M/s. Kanu Doshi Associates LLP, Chartered Accountants, bearing FRN: 104746W, Auditors of the Company retire at the 46th Annual General Meeting. The said auditor has completed more than five years in the Company. Hence, pursuant to the provisions of section 139 of the Companies Act 2013, the said auditors is not eligible for re-appointment as statutory auditors of the Company.

The audit committee of the Company has considered the qualifications and experience of M/s PRA Associates, Chartered Accountants (Firm Registration No. 002355N) and M/s M L Bhuwania and Co LLP, Chartered Accountants (Firm Registration No. 101484W/W100197) and recommended their appointment as Joint Auditors of the Company.

The Board proposed to appoint M/s PRA Associates, Chartered Accountants (Firm Registration No. 002355N) and M/s M L Bhuwania and Co LLP, Chartered Accountants (Firm Registration No. 101484W/W100197) as a Joint Auditors of the Company for the term of five years starting from this 46th Annual General Meeting to the conclusion of 51st Annual General Meeting of the Company.

The Company has obtained a letter of consent and also a certificate under section 139 and 141 of the Companies Act, 2013 from the M/s PRA Associates, Chartered Accountants (Firm Registration No. 002355N) and M/s M L Bhuwania and Co LLP, Chartered Accountants (Firm Registration No. 101484W/W100197) to the effect that, their appointment, if made would be within the limits prescribed in the said section.

• **Internal Auditors:**

M/s. Ashish Mehta and Associates, Chartered Accountants, Vadodara have been appointed as Internal Auditors of the Company in terms of Section 138 of the Companies Act, 2013 and rules & recognition, made thereunder, for the Financial Year 2017-18 by the Board of Directors, upon recommendation of the Audit Committee.

**14. Auditors' Report.**

No qualification, reservation or adverse remark or disclaimer has been made by the auditor in their auditors' report for the year 2016-17.

**15. Share Capital.**

During the year under review, the Company has not issued any securities nor has granted any stock option or sweat equity.

**16. Extract of the annual return.**

The extract of the annual return in Form No. MGT - 9 forming part of the Board's report is attached herewith as **(Annexure-A)**.

**17. Conservation of energy, technology absorption and foreign exchange earnings and outgo.**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are attached herewith **(Annexure-B)**.

**18. Corporate Social Responsibility (CSR).**

The details on the CSR activities are enclosed as **(Annexure-C)**.

**19. Directors.**

**A) Changes in Directors and Key Managerial Personnel**

The following changes in Directors and Key Managerial Personnel were made during the financial year 2016-17:

| Sr. No. | Name of Director/ Key Managerial Personnel | Designation            | Category       | Date of Appointment | Date of Cessation |
|---------|--|------------------------|----------------|---------------------|-------------------|
| 1       | Mrs. Anju Aggarwal*<br>[DIN: 00094267]     | Non-Executive Director | Promoter Group | 30.09.2016          | --                |
| 2       | Mr. Ankit Jain<br>[DIN: 02918898]          | Non-Executive Director | Independent    | 29.09.2015          | 31.10.2016        |

\* Mrs. Anju Aggarwal (DIN:00094267) was appointed as an Additional Director as on 28.12.2015 by the Board and her terms was regularized as Non-Executive Director at the 45th Annual General Meeting held on 30.09.2016.

**B) Declaration by an Independent Director(s):**

A declaration by Mr. Rajendra Prasad and Mr. Ravikant Dhawan Independent Directors that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 have been given.



The Board of Directors declares that the Independent Directors Mr. Rajendra Prasad and Mr. Ravikant Dhawan in the opinion of the Board are:

- a) persons of integrity and they possess relevant expertise and experience;
- b) not a promoter of the Company or its holding, subsidiary or associate company;
- c) not related to promoters or directors of the company, or its holding, subsidiary or associate company;
- d) have/had no pecuniary relationship with the company, its holding or subsidiary or associate company or promoters or directors of the said companies during the two immediately preceding financial years or during the current financial year;
- e) none of their relatives have or had pecuniary relationship or transactions with the company, its holding, subsidiary or associate company or promoters or directors of the said companies amounting to two percent or more of its gross turnover or total income or fifty lakh rupees whichever is lower during the two immediately preceding financial years or during the current financial year;
- f) neither they nor any of their relatives -
  - i. hold or have held the position of a key managerial personnel or are or have been employees of the Company or its holding, subsidiary, associate company in any of the three financial years immediately preceding the current financial year.
  - ii. are or had been employee or proprietor or a partner in any of the three financial years immediately preceding the current financial year of
    - a) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company  
or
    - b) any legal or consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent or more of gross turnover of the said firm;
  - iii) hold together with their relatives two percent or more of the total voting power of the company or
  - iv) is a Chief Executive or director of any non-profit organization that receives twenty-five percent or more of its receipts from the company, any of the promoters or directors of the company or its holding, subsidiary or associate company or that holds two percent or more of the total voting powers of the company;
- g) possess qualifications prescribed in Rule 5 of The Companies (Appointment and Qualification of Directors) Rules, 2014.

### C) Formal Annual Evaluation.

The Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and individual Directors which includes criteria for performance evaluation of executive directors and non-executive directors. The Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its committee. The Board of Directors has expressed their satisfaction with the evaluation process.

### 20. Meetings:

An agenda of Meetings is prepared and circulated in advance to the Directors. During this year, five Board and five Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report.

The intervening gap between the Meetings was within the period prescribed under Companies Act, 2013 and the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the erstwhile Listing Agreement.

Statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors has been given in the Report of Corporate Governance.

### 21. Particulars of loans, guarantees or investments under section 186.

**The Company has given loans or guarantee or made an investment in the following manner during the financial year 2016-2017:**

| Sr.no. | Particulars of Loan, Guarantee or investment | Amount   | Approved at Board meeting dated   | Whether approval of Members vide SR taken  |
|--------|--|--|---|--|
| 1.     | Loan given to Him Teknoforge Limited.        | Till the year end i.e. As on 31.03.2017 loan amount is Rs. 26.50 Crores. | Approval of loan amount for sum not exceeding Rs. 30 Crore by Board resolution dated 13.03.2015 | Members approved loan amount upto 50 crore by Special Resolution dated 11.02.2015 through postal ballot. |

Further the Company states that the loan is given at a rate of interest not lower than the prevailing yield of one year, three year, five year or ten year government security closest to the tenor of loan.

The Company has not given guarantee or made an investment during the financial year 2016-17.

### 22. Particulars of contracts or arrangements with related parties:

Particulars of contracts or arrangements with related parties are given in Form AOC-2 enclosed as (Annexure-D).

### 23. Managerial Remuneration:

Disclosures pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed herewith (Annexure-E).



### 24. Secretarial Audit Report:

The Secretarial Audit Report pursuant to section 204(1) of the Companies Act, 2013 given by M/s. Dinesh Mehta & Co., a company secretary in practice enclosed herewith (Annexure- F).

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### 25. Corporate Governance Report.

The Company has been following the principles and practices of good Corporate Governance and has ensured compliance of the requirements stipulated under Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A detailed report on Corporate Governance as required under Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is appended alongwith the certificate on Corporate Governance, issued by M/s. Dinesh Mehta & Co., Company Secretaries, Vadodara, Gujarat, the Secretarial Auditors, confirming the compliance of conditions on Corporate Governance forms part of the Board Report with (Annexure-G).

### 26. Management Discussion and Analysis Report.

A report on Management Discussion and Analysis, as required in terms of Regulation 34(2) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Report and it deals with the Business Operations and Financial Performance, Research & Development Expansion & Diversification, Risk Management, Marketing Strategy, Safety & Environment, Human Resource Development, etc. (Annexure - H).

### 27. Risk management.

The Management has put in place adequate and effective system and man power for the purposes of risk management. In the opinion of the Board, there are no risks which would threaten the existence of the Company.

### 28. Directors' Responsibility Statement

Your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that 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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the directors had prepared the annual accounts on a going concern basis; and
- (e) that the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 29. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, has adopted a policy in line with provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rule thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. Internal Complaints Committee has also been set up to redress complaints received on sexual harassment.

During the financial year under review, the Company has not received any complaints of sexual harassment from any of the women employee of the Company.

### 30. Acknowledgements

The Board of Directors gratefully acknowledge the assistance and co-operation received from the State Bank of India and all other statutory and non-statutory agencies for their co-operation.

The Board of Directors also wish to place on record their gratitude and appreciation to the members for their trust and confidence shown in the Company.

The Board of Directors would like to especially thank all the employees of the Company for their dedication and loyalty.

By Order of the Board of Directors

Dated : 27-11-2017

Place: Baddi

Rajiv Aggarwal  
Managing Director



**Annexure - A**

**Form No MGT 9**

**Extract of Annual Return as on the financial year ended on 31.03.2015**

**[Pursuant to section 92(3) of Companies Act 2013 and rule 12(1) of the Companies (Management and Administration) Rule, 2014]**

**I Registration and other details:**

- i. CIN : L29130HP1971PLC000904
- ii Registration date : 27/03/1971
- iii Name of the Company : Gujarat Automotive Gears Limited
- iv Category/ Sub category of the Company : Public Company Limited by shares
- v Registered office Address : Village Billanwali Baddi, Baddi, Himachal Pradesh 173205, India  
Contact Details : gujarat.gears@gmail.com
- vi Whether listed Company : Yes
- vii Details of Registrar and Transfer Agent : MCS SHARE TRANSFER AGENT LIMITED,  
10, Aram Appartment, 12, Sampatrao Colony, B/h. Laxmi Hall,  
Alkapuri, Vadodara - 390007, Tel No : 0265-2314757  
email id: mcsfldbaroda@gmail.com

**II Principal Business activities of the Company.**

| Business activities contributing 10% or more of the total turn over of the Company |  |                   |                                     |
|--|--|-------------------|-------------------------------------|
| Sr. No.  | Name and Description of main products / services       | *Industrial Group | % to total turnover of the Company. |
| 1  | Manufacture of parts and accessories for motor vehicle | 293               | 100%                                |

\*As per National Industrial Classification - Ministry of Statistics and Programme Implementatoin.

**iii. Particulars of Holding, Subsidiary and Associate Companies : NA**

**iv SHARE HOLDING PATTERN(Equity Share Capital Breakup as percentage of Total Equity)**

**1) Category wise Share holding**

| Category of Shareholders                                    | No. of shares held at the beginning of the year i.e. on 01.04.2016 |          |                |                   | No. of shares held at the end of the year i.e. on 31.03.2017 |          |                |                   | % Change during the year |
|---|--|----------|----------------|-------------------|--|----------|----------------|-------------------|--------------------------|
|   | Demat  | Physical | Total          | % of Total Shares | Demat  | Physical | Total          | % of Total Shares |                          |
| <b>A. Promoters.</b>  |  |          |                |                   |  |          |                |                   |                          |
| <b>1. Indian</b>  |  |          |                |                   |  |          |                |                   |                          |
| g. Individual / HUF   | 173655   | 0        | 173655         | 9.92              | 173655   | 0        | 173655         | 9.92              | 0.00                     |
| h. Central Government                                       | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| i. State Govt(s)  | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| j. Bodies Corporate   | 1000803  | 0        | 1000803        | 57.19             | 840285   | 0        | 840285         | 48.02             | -9.17                    |
| k. Banks / FI   | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| l. Any other  | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| <b>Sub - total (A) (1) :-</b>                               | <b>1174458</b>   | <b>0</b> | <b>1174458</b> | <b>67.11</b>      | <b>1013940</b>   | <b>0</b> | <b>1013940</b> | <b>57.94</b>      | <b>-9.17</b>             |
| <b>2. Foreign</b>   | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| a. NRIs - Individuals                                       | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| b. Other individuals  | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| c. Bodies Corporate   | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| d. Bank / FI  | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| e. Any other..  | 0  | 0        | 0              | 0.00              | 0  | 0        | 0              | 0.00              | 0.00                     |
| <b>Sub-total (A) (2) :-</b>                                 | <b>0</b>   | <b>0</b> | <b>0</b>       | <b>0.00</b>       | <b>0</b>   | <b>0</b> | <b>0</b>       | <b>0.00</b>       | <b>0.00</b>              |
| <b>Total Shareholding of promoter (A) = (A)(1) + (A)(2)</b> | <b>1174458</b>   | <b>0</b> | <b>1174458</b> | <b>67.11</b>      | <b>1013940</b>   | <b>0</b> | <b>1013940</b> | <b>57.94</b>      | <b>-9.17</b>             |