

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 Niranjan 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.



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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.Niranjan 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 Laces). Exports during the year was Rs. 2137.70 Laces as against Rs. 1657.21 Laces 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.



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Europe being our single largest market, we expect a little slow down from our customers and hopefully would be able to cover any decline in European market by enhancing and finding new customers in other market specially more focused on North America and Far East Market.

Director's Responsibility Statement: Your Board States that

- I) In the preparation of the annual account for the year ended on 31st March, 2012 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, 2012 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 2012 on a going concern basis.

DIVIDEND:

The Board recommends 500 % dividend (i e Rs 50.00 Per Share) for the year ended 31st March, 2012.

DIRECTORS:

Mr.D.C.Daftari and Mrs.Tejas Kothari, Directors 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.



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AUDITORS:

M/s Kanu Doshi Associates, the Auditors of your Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

SECRETARIAL COMPLIANCE CERTIFICATE:

Secretarial Compliance Certificate of M/s Dinesh Mehta & Co. Company Secretaries as required under the Provision of section 383A(1) of the companies Act,1956 is annexed herewith.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

A statement containing the necessary information in accordance with Section 217 (i)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and marked annexure A to this report.

ACKNOWLEDGEMENT:

Your Directors convey their deep sense of gratitude to the employees for their co-operation.

for and on behalf of the Board

Naresh Kothari

Chairman & Managing Director

Place : Kalali, VADODARA.

Date : 14-05-2012



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 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)

- 1) Research & Development (R&D)
- a) Specific areas in Which R&D carried Out by the Company.
- b) Benefit derived as a result of Above R&D
- c) Future plan of action
- d) Expenditure on R&D: None
 - 1. Capital
 - 2. Recurring
 - 3. Total
 - 4. Total R&D Expenditure as a Percentage of total turnover.



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2) Technology absorption, adaption and innovation :

- a) Efforts, in brief made towards Technology absorption, adoption And innovation. None
- b) Benefit derived as a result of the Above efforts e.g. product improve-Emend, cost reduction, product Development, import substitution etc
- c) In case of imported technology Imported during the last 5 year Reckoned from the beginning of the Financial year, following inform-Mat ion may be furnished:
 - 1. Technology imported
 - 2. Year of import
 - 3. Has technology been fully Absorbed?
 - 4. If not fully absorbed, are as Where this has not taken place, Reasons therefore and future Plan of action
 Not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports initiative taken to increase exports, development of Export markets for products and services and export plans:

Export Sales has increased due to regular Follow-up visits to various foreign markets, also visits to fairs and exhibition for new customers and new product development.
- b) Total foreign exchanged used | Rs. 101.59 Lacs
PY. (Rs. 75.09 Lacs)
- c) Total foreign exchange earned | Rs. 2130.78 Lacs
PY.(Ind.Rs. 1657.21 Lacs)



GUJARAT AUTOMOTIVE GEARS LIMITED

Dinesh Mehta & Co.,
Company Secretaries.

4, Rutu Villa,
Gotri Telephone Exchange Road,
Gotri, VADODARA - 390 021,

COMPLIANCE CERTIFICATE

To
The Members
Gujarat Automotive Gears Ltd.
Kalali, VADODARA 390 012

We have examined the registers, records, books and papers of Gujarat Automotive Gears Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2012 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made there under.
3. The company, being a public limited company, has the minimum prescribed paid up capital.
4. The Board of Directors duly met four times respectively on 26.05.2011, 08.07.11, 08.10.11 and 13.01.2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company closed its Register of Members from 12.08.2011 to 20.08.2011 and necessary Compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31st March 2011 was held on 20.08.2011 after giving due notice to the members of the company and the resolutions passed there were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.



GUJARAT AUTOMOTIVE GEARS LIMITED

9. The company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The company has issued duplicate certificates during the financial year.
13. (a) The Company has:
 - i) delivered all the certificates on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.
 - ii & iii) deposited the amount of dividend in a separate Bank Account in Bank within 5 days from the date of declaration and also posted cheques within 30 days from the date of declaration of dividend during the Financial year.
 - iv) There was no outstanding amount in unpaid dividend account, application money amount due for refund, matured deposit, matured debenture and interest thereon which have remained unclaimed or unpaid for a period of seven years.
 - v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional director or alternate directors and directors to fill casual vacancy during the financial year.
15. The company has not appointed any managing director or Whole time Director during the year.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, right



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- shares and bonus shares pending registration of transfer or shares.
23. The company has not invited/accepted any deposit including any unsecured loan falling within the purview of section 58A during the financial year.
 24. The amount borrowed by the company from directors, members, public, financial institutions, banks and others during the financial year ending is within the borrowing limits of the company and the necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened annual general meeting.
 25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the Register kept for the purpose.
 26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
 27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
 28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
 29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
 30. The company has not altered its articles of association during the financial year.
 31. There was no prosecution initiated against or show cause notice received by the company during the financial year for offence under the Act.
 32. The company has not received any money as security from its employees during the financial year.
 33. The company has deposited both employees' and employers' contribution to Provident Fund with prescribed authorities pursuant to the provision of the General Provident Fund and Misc. Act and not under section 418 of the Act.

Place: VADODARA
Date : 20/04/2012

for Dinesh Mehta & Co.
Company Secretaries
Sd.
Dinesh Mehta
Proprietor
C. P. No. 2127



GUJARAT AUTOMOTIVE GEARS LIMITED

Annexure 'A'

Registers as maintained by Gujarat Automotive Gears Ltd.

1. Reg. of Members u/s 150.
2. Reg. of contract with Directors etc. u/s 301.
3. Reg. of Directors' shareholding u/s 307.
4. Reg. of Directors, Managing Director u/s 301/303.
5. Reg. of Charge u/s 143.
6. Minutes Book of the Meetings of the Board of Directors.
7. Minutes Book of the General Meetings.
8. Register for issue of Duplicate Share Certificates.
9. Share Transfer Records.
10. Register of Deposits.

Annexure B

Forms>Returns filed by Gujarat Automotive Gears Ltd. for the year ended 31.03.2012.

1. Balance sheet as at 31.03.2011 under Form No.23AC XBRL & 23ACA XBRL filed on 24.11.2011
2. Annual return up to 20.08.2011 under Form No.20B filed on 27.08.2011.
3. Compliance Certificate for the year ended 31.03.2011 under Form No.66 filed on 20.08.2011.

for Dinesh Mehta & Co.
Company Secretaries
Sd.
Dinesh Mehta
Proprietor



GUJARAT AUTOMOTIVE GEARS LIMITED

AUDITORS' REPORT

To,
The Members of
GUJARAT AUTOMOTIVE GEARS LIMITED

1. We have audited the attached Balance Sheet of GUJARAT AUTOMOTIVE GEARS LIMITED as at 31st March 2012 the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and according to the information and explanations given to us during the course of the audit and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

GUJARAT AUTOMOTIVE GEARS LIMITED



- (v) on the basis of written representations received from the directors, as on 31st March 2012, we report that none of the directors are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

Place: MUMBAI
Date : 15-05-2012

for **KANU DOSHI ASSOCIATES**
Chartered Accountants
Mihir Hindocha
Partner
Mem No. 112766
Firm Reg. No. : 104746W



GUJARAT AUTOMOTIVE GEARS LIMITED

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date on the accounts of GUJARAT AUTOMOTIVE GEARS LIMITED for the year ended 31st March 2012)

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off a substantial part of the fixed assets during the year.
- (ii) (a) We are informed that the physical verification of inventory has been conducted during the year by the management at reasonable intervals.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventory as compared to book records.
- (iii) (a) The Company has not granted/taken any loans, secured or unsecured loan to companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence sub clause (a), (b), (c), (d), (e), (f) and (g) of the order does not apply to the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) However, there were no transactions exceeding the value of Rs.5,00,000 in respect of any party covered in the relevant register.

GUJARAT AUTOMOTIVE GEARS LIMITED



- (vi) The Company has not accepted any deposit from the public during the year.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly review the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the information and explanations given to us and on the basis of records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth Tax, Service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (b) There are no dues pending of Income tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and cess on account of dispute except as stated below.

Particulars	Period to which amount relates	Forum where the dispute is pending	Amount (in Rs.)
Income tax	A.Y. 2001-02	High Court	95,679
Income tax	A.Y.1997-98	High Court	1,74,340

- (x) The company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.



GUJARAT AUTOMOTIVE GEARS LIMITED

- (xiv) The Company is not dealing in shares, securities, debentures, and other investment and hence the question of maintaining records does not arise.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) Based on the information and explanation given to us, we are of the opinion that the term loans were applied for the purpose for which the loans were obtained.
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company and according to the information and explanations given to us, in our opinion there are no funds raised on short-term basis, which have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) The company has not issued debentures during the financial year and hence, the question of creating securities or charge in respect thereof does not arise.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) On the basis of our examination and according to the information and explanation given to us, no fraud, on or by the Company, has been noticed or reported during the course of our audit.

Place: MUMBAI
Date : 15-05-2012

for **KANU DOSHI ASSOCIATES**
Chartered Accountants
Mihir Hindocha
Partner
Mem No. 112766
FRN :- 104746W



GUJARAT AUTOMOTIVE GEARS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012 (Amount in Rs.)

PARTICULARE	Note No.	As at 31-3-2012 Rs.	As at 31-3-2011 Rs.
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS :			
Share Capital	2	3,500,000	3,500,000
Reserves and Surplus	3	97,316,697	81,746,743
Non-Current Liabilities :			
Long-term borrowings	4	2,878,238	1,144,887
Deferred Tax liabilities (Net)		964,937	878,801
Long term provisions	5	2,897,947	2,829,955
Current Liabilities :			
Trade payables (Refer Note No. 30)		29,483,191	26,986,253
Other current liabilities	6	8,116,037	4,335,966
Short-term provisions	7	21,520,848	20,919,774
Total		166,677,896	142,342,380
ASSETS			
NON-CURRENT ASSETS			
FIXED ASSETS:			
Tangible assets	8	28,351,433	24,872,021
Intangible assets	8	-	-
Capital work-in-progress		1,065,299	-
Long term loans and advances	9	16,354,501	13,921,555
Current assets			
Inventories	10	40,486,479	30,240,129
Trade receivables	11	31,554,046	33,981,855
Cash and Bank balances	12	47,478,669	38,754,575
Short-term loans and advances	13	1,387,469	572,247
Total		166,677,896	142,342,380

Summary of Significant Accounting Policies 1

The accompanying notes are integral part of the financial statements

for **KANU DOSHI ASSOCIATES**

Chartered Accountants
FRN : 104746W
Mihir Hindocha
Partner
M.No. 112766

Place :- MUMBAI
Date :- 15 -05 -2012

On behalf of the Board
Naresh Kothari
Chairman & Managing Director
N P Unadkat
Whole Time Director
M. D. Patel
Director

Place :- VADODARA
Date :- 14 -05 -2012



GUJARAT AUTOMOTIVE GEARS LIMITED

Statement of Profit and Loss Account for the year ended 31.03.2012

(Amount in Rs.)

PARTICULARS	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Revenue from operations (Gross)	14	233,101,646	186,637,107
Less: Excise Duty		9,077,273	8,048,005
Revenue from operations (Net)		<u>224,024,373</u>	<u>178,589,102</u>
Other Income	15	6,132,371	2,677,390
Total Revenue		<u>230,156,744</u>	<u>181,266,492</u>
Expenses :			
Cost of materials consumed	16	115,213,081	104,984,021
Changes in inventories of finished goods and semi finished goods	17	(2,054,087)	(5,442,174)
Employee benefits expense	18	16,037,177	17,100,681
Financial costs	19	443,234	764,958
Depreciation and amortization expenses	8	3,581,442	2,885,939
Other expenses	20	43,440,870	35,501,271
Total Expenses		<u>176,661,717</u>	<u>155,794,696</u>
Profit before exceptional items and tax		53,495,027	25,471,795
Exceptional Items		-	52,155,872
Profit before tax		<u>53,495,027</u>	<u>77,627,667</u>
Tax expense:			
Current tax		17,500,000	19,000,000
Deferred tax		86,136	(385,854)
Earlier years tax adjustments		-	43,674
Profit/(Loss) for the period		<u>35,908,891</u>	<u>58,969,847</u>
Earning per equity share:	25		
Basic		102.60	168.49
Diluted		102.60	168.49

Summary of Significant Accounting Policies 1

The accompanying notes are integral part of the financial statements

On behalf of the Board
Naresh Kothari
 Chairman & Managing Director
N P Unadkat
 Whole Time Director

M. D. Patel
 Director

Place :- VADODARA
 Date :- 14-05-2012

for **KANU DOSHI ASSOCIATES**

Chartered Accountants
 FRN: 104746W
Mihir Hindocha
 Partner, M.No. 112766

Place :- MUMBAI
 Date :- 15-05-2012



GUJARAT AUTOMOTIVE GEARS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

2 SHARE CAPITAL

PARTICULARS	As at 31st March, 2012	As at 31st March, 2011
Authorised		
4,25,000/- Equity shares (P.Y. 4.25,000) of Rs. 10/- each	4,250,000	4,250,000
7,500 (P.Y. 7,500) 9.5% Cumulative Redeemable Preference shares of Rs. 100/- each	750,000	750,000
5,00,000 (5,00,000) unclassified shares of Rs.10/- each	5,000,000	5,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
Issued, Subscribed and Fully Paid up		
3,50,000 (Previous Year 3,50,000) Equity Shares of Rs. 10/- each fully paid-up	3,500,000	3,500,000

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shareholders holding more than 5% shares in the Company	As at 31st March, 2012	As at 31st March, 2011
In Equity Shares		
Naresh Kothari		
No. of Shares	152,880	152,880
% holding in the class	43.68%	43.68%
Tejas Kothari		
No. of Shares	92,850	92,850
% holding in the class	26.53%	26.53%



GUJARAT AUTOMOTIVE GEARS LIMITED

3 Reserves & Surplus

Particulars	As at 31st March, 2012	As at 31st March, 2011
General Reserve		
As per Last Balance Sheet	13,294,501	7,397,516
Add : Transferred from Profit and Loss Account	3,590,890	5,896,985
Closing Balance	16,885,391	13,294,501
Balance In Profit & Loss Account		
As per Last Balance Sheet	68,452,242	35,718,318
Profit for the year	35,908,891	58,969,847
Transfer to General Reserve	3,590,890	5,896,985
Proposed Dividend	17,500,000	17,500,000
Tax on Proposed Dividend	2,838,938	2,838,938
Net Surplus in profit and Loss account	80,431,306	68,452,242
	97,316,697	81,746,743

4 Long Term Borrowings

Particulars	As at 31st March, 2012	As at 31st March, 2011
Secured:		
Term loans from banks	2,878,238	1,144,887
	2,878,238	1,144,887

Term Loans from bank carries interest rate @ 7.75% to 10%. The loan is repayable in 36 equal monthly instalment of Rs 237,302 along with interest, from the date of loan. The loan is secured by hypothecation of vehicles for which loan is taken. Current portion of the above loan is shown under other current liabilities as current maturities of long term loans.

5 Long Term Provisions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Leave Encashment	2,897,947	2,829,955
	2,897,947	2,829,955



GUJARAT AUTOMOTIVE GEARS LIMITED

6 Other Current Liabilities

Particulars	As at 31st March, 2012	As at 31st March, 2011
Current maturities of long term loans	2,440,840	975,085
Unpaid dividends	1,593,553	354,521
Advance from customers	1,824,426	607,791
Other Current Liabilities	2,257,218	2,398,569
	8,116,037	4,335,966

7 Short Term Provisions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Provision for employee benefits		
For Leave Encashment	965,983	943,852
Others		
For Proposed Dividend	17,500,000	17,500,000
For Current Tax (net)	215,927	-363,015
For Tax on Proposed Dividend	2,838,938	2,838,938
	21,520,848	20,919,774

9 Long Term Loans And Advances

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unsecured considered good		
Capital Advances	2,534,000	-
Security Deposits	502,428	383,975
Balance With Statutory Authorities	13,318,073	13,537,580
	16,354,501	13,921,555

10 Inventories (Refer Note No. 1H)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Raw Material	3,053,604	1,917,420
Work - In - Process	17,714,928	16,266,573
Finished Goods	5,828,345	5,222,741
Raw Material Components	11,480,724	4,391,367
Stores and Spares parts and packing Material	1,245,882	1,279,160
Scrap	1,162,996	1,162,868
	40,486,479	30,240,129



GUJARAT AUTOMOTIVE GEARS LIMITED

Notes to Financial Statements for the year ended March 31, 2012

8. FIXED ASSETS

Sr. No.	Particulars	Gross Block			As at 31-03-2012
		As at 01-04-2011	Addition during the year	Deduction during the year	
1. LAND & BUILDING					
	Land	52,001	-	-	52,001
	Factory Building	892,895	-	-	892,895
	Other Civil Construction	992,737	-	-	992,737
	Road and Service	63,308	-	-	63,308
	Tube Well	26,316	-	-	26,316
2. FURNITURE & FIXTURE					
	Furniture, Fixture, Fittings	202,077	-	-	202,077
3. PLANT & MACHINERY					
	Plant and machinery	43,125,092	2,653,538	2,236,659	43,541,971
	Electrical installation	855,097	-	-	855,097
	Air conditioner & water cooler	764,054	-	-	764,054
	Factory Equipment	68,493	-	-	68,493
	Office Equipment	170,171	24,301	-	194,472
	Vehicle	7,937,268	5,256,918	1,268,233	11,925,953
	Tempo	932,818	-	-	932,818
	Computer	858,848	15,698	-	874,546
4. INTANGIBLE ASSETS					
	Computer Software	140,400	-	-	140,400
TOTAL		57,081,575	7,950,455	3,504,892	61,527,138
PREVIOUS YEAR TOTAL		47,437,928	10,693,144	1,049,497	57,081,575



GUJARAT AUTOMOTIVE GEARS LIMITED

Upto 31-03-2011	Depreciation		Upto 31-03-2012	Net Block	
	Adj. on A/c of Sales of Assets	Provided for the Year		As at 31-03-2012	As at 31-03-2011
-	-	-	-	52,001	52,001
853,448	-	3945	857,393	35,502	39,447
254,930	-	19017	273,947	718,790	737,807
54,656	-	433	55,089	8,219	8,652
14,921	-	570	15,490	10,826	11,395
167,102	-	8384	175,487	26,590	34,975
26,607,616	1,837,210	2,434,653	27,205,059	16,336,912	16,517,476
563,841	-	31,425	595,266	259,831	291,256
411,092	-	33,669	444,761	319,293	352,962
63,717	-	593	64,309	4184	4,776
42,673	-	8,446	51,119	143,353	127,498
2,096,758	778,082	871,944	2,190,619	9735334	5,840,510
315,201	-	105,502	420,703	512,115	617,617
623,199	-	62,863	686,062	188,484	235,649
140,400	-	-	140,400	0	0
32,209,555	2,615,292	3,581,442	33,175,705	28,351,433	24,872,021
30,256,025	932,410	2,885,939	32,209,555	24,872,021	17,181,903



GUJARAT AUTOMOTIVE GEARS LIMITED

11 Trade Receivables

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unsecured, considered good		
Debts outstanding for a period exceeding six Months from the date they are due for payment	12,172	-
Other debts - (less than six months)	31,541,874	33,981,855
	31,554,046	33,981,855

12 Cash and Bank Balances

Particulars	As at 31st March, 2012	As at 31st March, 2011
Cash & Cash Equivalents		
Balances with Banks :		
Current Accounts	2,185,340	38,036,500
Cash on hand	23,969	44,917
Other Bank Balances		
Deposit Accounts (original maturity of more than 3 months)	43,675,807	318,637
(Includes paid as Margin Money Rs 4,07,749 (PY.3,18,637))		
Dividend Accounts	1,593,553	354,521
	47,478,669	38,754,575

13 Short Term Loans and Advances

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unsecured considered good		
Advance to Creditors	884,126	113,960
Advances recoverable in cash or in kind	503,343	458,287
	1,387,469	572,247

14 Revenue from operations

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Sale of Products	230,518,536	184,164,340
Processing Charges	847,640	196,450
Other operating revenues		
Scrap Sales	1,695,551	1,860,606
Export benefit Received	39,919	415,711
Revenue from operations (Gross)	233,101,646	186,637,107
Less : Excise Duty	9,077,273	8,048,005
Revenue from operations (Net)	224,024,373	178,589,102



GUJARAT AUTOMOTIVE GEARS LIMITED

15 Other Income

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Interest Income	2,944,805	40,052
Excess Provision written Back	-	9,915
Foreign exchange Fluctuation	3,181,066	2,627,423
Other Miscellaneous Income	6,500	-
	6,132,371	2,677,390

16 Cost of raw materials and components consumed

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Raw Material-Steel	33,882,160	31,053,975
Raw Material-others	39,442,505	37,837,972
Raw Material Component	32,632,184	30,169,228
Packing Materials	9,256,232	5,922,846
	115,213,081	104,984,021

17 Increase Decrease in Inventories of Finished Goods and Semi finished goods

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Opening Stock		
Finished Goods	5,222,741	3,391,257
Semi Finished Goods	16,266,573	11,765,763
Scrap	1,162,868	2,052,988
Total	22,652,182	17,210,008
Closing Stock		
Finished Goods	5,828,345	5,222,741
Semi Finished Goods	17,714,928	16,266,573
Scrap	1,162,996	1,162,868
TOTAL	24,706,269	22,652,182
Increase/(Decrease)	2,054,087	5,442,174

18 Employees benefit expenses

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Salaries and Wages (Including Bonus and Gratuity, leave encashment)	15,687,228	16,804,010
Contribution to Provident and other Funds	348,591	293,500
Workmen and Staff Welfare Expenses	1,359	3,171
	16,037,177	17,100,681



GUJARAT AUTOMOTIVE GEARS LIMITED

19 Finance Costs

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Interest to banks	239,340	177,094
Interest -Others	203,894	587,864
	443,234	764,958

20 Other expenses

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Power & Fuel	4,235,221	3,439,048
Freight Inward and Octroi	1,777,849	1,262,124
Consumption of Stores and Spares	3,156,529	3,363,829
Processing Charges	13,276,929	12,761,641
Excise Duty on finished goods (net)	172,774	87,907
Repairs and Maintenance		
Buildings	331,480	176,635
Plant and Machinery	1,121,955	508,215
Others	222,991	188,846
Fumigation Charges	274,605	239,410
Director Sitting Fees	14,000	9,500
Laboratory Charges	16,109	15,980
Payment of Government Duties	1,283,595	607,977
Insurance	672,358	520,843
Rates and Taxes	136,003	142,281
Travelling and conveyance	4,856,142	3,706,566
Advertisement and Sales Promotion	29,925	46,699
Postage, telephone and Communication expenses	480,137	408,206
Printing and Stationery	208,651	254,149
Freight Outward	4,375,715	4,373,553
Commission and Discount	1,151,782	1,665,612
Loss on sale / discard of Fixed Assets (net)	201,739	(278,341)
Vehicle Running and maintenance	1,334,538	1,164,016
Legal and Professional fees	406,736	272,622
Miscellaneous Expenses	406,288	222,310
Bad Debts Written off	2,843,088	(100,578)
Bank Charges	453,729	442,219
	43,440,870	35,501,271



GUJARAT AUTOMOTIVE GEARS LIMITED

Notes to Financial Statements for the year ended March 31, 2012

21 Contingent liability and Commitments

Contingent liability not provided for :	31.3.2012	31.3.2011
Bank Guarantee	334,450	267,450
Disputed Income tax Liabilities	270,019	270,019
Capital Commitments (net of advances)	4,121,139	-

22 In the opinion of the Board, the current Assets, Loans and Advances have a value on realization in the ordinary course of the business at least equal to the amount of which they are stated.

23 Segment Reporting

The management information system of the company identifies & monitors Auto Parts As the primary business Segment. In the opinion of the management, the company is primarily engaged in the business of automotive parts, as the basic nature of these activities are governed by the same set of risk and returns; these constitute and have been grouped as single segment as per AS 17 dealing with segment reporting. Secondary segment reporting is on the basis of geographical location of the customers, which is given as under.

Geographical segment- Revenue

Geographic Location	31.3.2012	31.3.2011
USA	19,875,507	11,734,182
Europe	160,228,173	119,637,784
Gulf Countries	9,518,194	4,249,366
Far East	18,986,916	18,406,168
Sri Lanka	4,469,630	11,693,584
Others	9,210,483	10,591,701
	222,288,903	176,312,785

Other income is generated only in India. All assets of the company except the debtors of Rs.29,456,986/- (P.Y. Rs. 32,177,685) are within India.



GUJARAT AUTOMOTIVE GEARS LIMITED

24. The Break up of Deferred tax Assets/Liabilities is as under:

Deferred Tax:	As on 1.4.2011	Current Year	As on 31.3.2012
Deferred Tax Assets on Account of (i) Employee Benefit Total	977,424 977,424	6,510 6,510	983,934 983,934
Deferred Tax Liability on Account of (i) Depreciation Total	1,856,224 1,856,224	92,647 92,647	1,948,871 1,948,871
Net Deferred Tax Assets/(Liability)	(878,800)	(86,137)	(964,937)

25 Earning per Share :-

Particulars	31.03.2012	31.03.2011
Profit after tax	35,908,891	58,969,847
No. of shares	350,000	350,000
Nominal value per share in rupees	10	10
Basic and diluted earning per share	102.60	168.49

26 Related Party Disclosures :-

Key Management Personnel	31.03.2012	31.03.2011
Payment of Managerial Remuneration Mr. Naresh Kothari, Managing Director	2,252,691	2,266,822
Mr. Niranjana P Unadkat, Whole Time Director	544,606	535,040
Other : Relative of Key Management Personnel Payment of Sitting Fees Smt Tejas Kothari, Director	4,000	2,000
Balance Outstanding Mr. Naresh Kothari, Managing Director Mr. Niranjana P Unadkat, Whole Time Director	170,000 40,000	170,000 40,000



GUJARAT AUTOMOTIVE GEARS LIMITED

27 Managerial Remuneration :-

Particulars	31.03.2012	31.03.2011
Salary	2,520,000	2,520,000
Contribution to Provident and other funds	18,720	18,720
Perquisites	258,577	263,142
Total	2,797,297	2,801,862

Excluding contribution to gratuity fund and provision for leave encashment since the same are provided on an actuarial basis for the company as a whole.

Does not include monetary value of non cash perquisites as per Income-tax Act,1961.

28 Auditor's Remuneration :-

Particulars	31.03.2012	31.03.2011
Audit Fees	75,000	35,000
Tax Audit fees	15,000	10,000
Other Matters	12,500	-
Reimbursement of expenses	21,354	37,350

29 Employee Benefits :-

a) Defined benefit plans as per actuarial valuation on:

PARTICULARS	Gratuity Funded	
	31.3.2012	31.3.2011
Expenses recognized in the statement of profit & Loss for the year ended		
1 Current Service Cost	78,849	45,093
2 Interest Cost	197,906	104,807
3 Employee Contribution	-	-
4 Expected Return on Plan Assets	(246,884)	(138,295)
5 Net Actuarial (Gain/ Losses)	(32,842)	1,062,678
6 Past Service Cost	-	-
7 Settlement Cost	-	-
8 Total Expenses	(2,971)	1,074,283



GUJARAT AUTOMOTIVE GEARS LIMITED

II Net Asset/ Liability recognized in the Balance Sheet As at		
1 Present Value of Defined Benefit Obligation	2,717,744	2,473,831
2 Fair Value of Plan Assets	3,047,811	2,690,975
3 Funded status [Surplus / (Deficit)]	330,067	217,144
4 Net Assets/(liability)	330,067	217,144
III Change in Obligation During the year Ended		
1 Present Value of Defined Benefit Obligation at beginning of the year	2,473,831	1,310,087
2 Current Service cost	78,849	45,093
3 Interest Cost	197,906	104,807
4 Settlement Cost	-	-
5 Past Service Cost	-	-
6 Employee contribution	-	-
7 Actuarial (Gain) / Losses	(32,842)	1,062,678
8 Benefits Payments	-	(48,834)
9 Present Value of Defined Benefit obligation at the end of the year	2,717,744	2,473,831
IV Change in Assets During the year ended		
1 Plan Assets at the Beginning of the year	2,690,975	1,480,736
2 Assets acquired on amalgamation in previous year	-	-
3 Settlements	-	-
4 Expected return on plan assets	246,884	138,295
5 Contribution By Employer	109,952	1,120,778
6 Actual Benefits Paid	-	(48,834)
7 Actuarial (Gain)/Losses	-	-
8 Plan Assets at the end of the year	3,047,811	2,690,975
9 Actual return on plan assets	246,884	138,295
V The major categories of plan Assets as a percentage of total plan		
Qualifying Insurance Policy	100%	100%
VI Actuarial Assumption		
Discount Rates	8%	8%
Salary Escalation	7%	7%



GUJARAT AUTOMOTIVE GEARS LIMITED

b) Provision towards Liabilities For Leave Encasement made on the Basis of Actuarial Valuation as per Accounting Standard 15(Revised). Actuarial Value of Liabilities at the year end is Rs 38,63,930/- (P.Y. 37,73,807) based upon following assumption. Expenses provided in the profit and loss account is Rs. 2,88,796 (P.Y. Rs.20,35,417)

	31.03.2012	31.03.2011
Discount Rates	8%	8%
Salary Escalation	6%	6%

30 As the company does not have information as to which of its creditors are registered under The Micro, Small and Medium enterprises Development Act, 2006, no disclosure as required by the said Act is given.

31 Particulars of Unhedged foreign currency exposure as at balance sheet date

Particulars	31.03.2012	31.03.2011
Export Debtors (Net of Advances)	29,456,986	32,177,685
Import Creditors	512,512	-

32 Value of imported and indigenous raw materials, stores and components consumed

Particulars	31.03.12		31.03.2011	
	Value	%	Value	%
Raw Material				
Imported	-	0.00%	-	0.00%
Indigenous	73,324,665	100.00%	68,891,947	100.00%
Total	73,324,665	100.00%	68,891,947	100.00%
Stores/Components				
Imported	5,772,857	16.13%	3,627,813	10.82%
Indigenous	30,015,856	83.87%	29,905,244	89.18%
Total	35,788,713	100.00%	33,533,057	100.00%

B Details of Foreign exchange earned and spent during the year

i) F.O.B. Value of Export Rs. 21,30,78,420/- (Previous Year: Rs.16,57,21,084/-)

ii) Foreign Exchange spent on Foreign Traveling Equivalent in Indian currency: Rs. 23,92,405/- (Previous Year: Rs. 22,21,081/-), Commission Rs.9,55,857/- (Previous Year: Rs.14,93,437/-), Imported Components Rs.57,93,148/- (Previous Year: Rs. 36,27,813/-), Bank Charges Rs 2,35,959 (Previous Year: Rs. 1,66,420/-) and Plant & Machinery imported Rs. 7,81,620/- (Previous Year: Rs.Nil).

33 Sundry Debtors, Creditors and loans and advances are subject to confirmation and reconciliation, if any.



GUJARAT AUTOMOTIVE GEARS LIMITED

34 Corresponding figures for the previous year have been regrouped/recast/rearranged Wherever necessary.

As per our attached report of even date

for **KANU DOSHI ASSOCIATES**

Chartered Accountants
FRN : 104746W
Mihir Hindocha
Partner
M. No. 112766

Place:- Mumbai
Date :- 15-05-2012

On behalf of the Board

Naresh Kothari
Chairman & Managing Director

Niranjan Unadkat
Whole Time Director
M. D. Patel
Director

Place:- Baroda
Date :-14-05-2012



GUJARAT AUTOMOTIVE GEARS LIMITED

1. NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

A BASIS OF ACCOUNTING

The financial statements have been prepared in compliance with all material aspects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. Financial statements are based on historical cost and are prepared on accrual basis except otherwise stated.

During the year ended 31st March 2012, the revised Schedule Vi notified under the Companies Act, 1956, has applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI, does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentations and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with requirements applicable in the current year.

B USE OF ESTIMATE

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

C FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation, amortisation and impairment loss, if any. In respect of Fixed assets acquired under deferred payment schemes, the cost is exclusive of Interest.

D DEPRECIATION

- (I) Depreciation on fixed assets brought into use after 31st March, 1995 is calculated on the straight line method, whereas for assets brought into use before 31st March, 1995, it is computed on written down value method. In either case, depreciation has been provided at the rates prescribed under Schedule XIV of the Companies Act, 1956.
- (II) "In respect of assets acquired/sold during the year, depreciation is provided on a Pro-rata basis with reference to the period for which the as set was put to use during the year. Depreciation on multiple shift working has been provided in accordance with Schedule XIV of the Companies Act, 1956."

E IMPAIRMENT

The Carrying Value of assets is reviewed for impairment, when events or change in circumstance indicating that carrying values may not be recoverable. In addition, at each balance sheet date,



GUJARAT AUTOMOTIVE GEARS LIMITED

the company assesses whether there is any indication that an assets may be impaired. If any such indication exists. the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and Value-in-Use. In assessing Value-in-use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

F INTANGIBLE ASSETS

Software is amortized over a period of three years using straight lines basis.

G BORROWING COST

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are charged to revenue. Borrowing costs consist of interest and other cost that an entity incurs in connection with borrowing of funds.

H INVENTORIES

Raw materials are valued at lower of cost or Net Realizable Value. Cost is determined on FIFO basis.

Work-in-progress and finished goods are valued at cost of materials plus appropriate share of labor and Overheads or Net Realizable value, Whichever is lower. Cost is determined on FIFO basis.

Finished goods are valued at cost or market value whichever is Lower. Cost is arrived at on full absorption basis. Cost is determined on FIFO basis.

Scrap is valued at estimated net realizable value.

Stock of stores, spares, components and packing materials are valued at cost or Net Realizable Value, Whichever is lower. Cost is determined on Weighted Average basis.

I CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at bank, in hand (including cheques in hand) and short term investment with an original maturity of three months or less.

J REVENUE RECOGNITION

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Excise duties deducted from turnover (gross) are the amounts that are included in the amount of turnover (gross) and not the entire amount of liability that arose during the year. Excise duties in respect of finished goods are shown separately as an item of Manufacturing Expenses and included in the valuation of finished goods.

Export benefits are accounted on accrual basis.



GUJARAT AUTOMOTIVE GEARS LIMITED

K FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are initially recorded at the rates of exchange prevailing on the date of transactions. Foreign currency monetary items are subsequently reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

L EMPLOYEE BENEFITS

(I) DEFINED CONTRIBUTION PLAN

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

(II) DEFINED BENEFIT PLAN

Defined Benefit obligation plans and other long term benefits- The present value of the obligation under such plans is determined based on an actuarial valuation, suing the projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognized immediately in the profit & loss Account. In case of gratuity ,which is funded with the Life Insurance Corporation Of India, the fair value of the plan assets is reduced from the gross obligation under defined benefit plans to recognize the obligation on net basis.

M INCOME TAXES

Provision for current Tax is made on the taxable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognized for the future tax consequences attributable to timing difference between the financial statement, determination of income and their recognition for tax purposes. The effect of deferred tax assets and liabilities of a change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or Substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

N CONTINGENCIES AND PROVISIONS

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.



GUJARAT AUTOMOTIVE GEARS LIMITED

Part IV of Schedule VI of the Companies Act, 1956

Registration No.	L2930GJ1971PLC001866	State Code	04
Balance Sheet Date	31st March, 2012		
I. Capital Raised during the Year (Amount in Rs. Thousand)			
Public Issue	NIL	Rights Issue	NIL
II. Position of Mobilisation and Deployment Funds (Amount in Rs. Thousand)			
Total Liabilities	166677	Total Assets	166677
III Sources of Funds			
Paidup Capital	3500	Reserves & Surplus	97316
Secured Loans	64896	Unsecured Loans &	NIL
IV Application of Funds		Deferred tax	965
Net Fixed Assets	29417	Investment	NIL
Net Current Assets	137260	Misc. Expenditure	NIL
Accumulated Losses	NIL		
V. Performance of Company (Amount in Rs. Thousand)			
Turnover	230157	Total Expenditure	176662
Profit/Loss Before Tax	53495	Profit/Loss After Tax	35909
Earning Per Share in Rs.	102.60	Dividend Rate	500%
VI. Generic Names of Three Principal Product/Services of Company (as per monetary terms)			
Item Code No.(ITC Code)	870899		
Product Description	Parts & Accessories of Motor Vehicle		

As per our attached report of even date

On behalf of the Board

Naresh Kothari
Chairman & Managing Director
Niranjan Unadkat
Whole Time Director
M. D. Patel
Director

Place :- VADODARA
Date :- 14-05-2012



GUJARAT AUTOMOTIVE GEARS LIMITED

Cash Flow Statement for the year ended 31.03.2012

	(Amount in Rs.)	
Particulars	31-3-2012	31-3-2011
Net Profit before Tax	53,495,027	77,627,667
Adjustment for		
Depreciation	3,581,442	2,885,939
Interest Expenses	443,234	764,958
(Profit)/loss on sale of fixed assets	201,739	(52,434,213)
Interest received	(2,944,805)	(40,052)
Operating profit before working capital changes	54,776,637	28,804,300
Adjustment for		
Sundry Debtors	2,427,808	(12,499,919)
Loans & Advances	(3,465,311)	(6,958,278)
Inventories	(10,246,350)	(7,791,751)
Current Liabilities and provisions	3,879,489	5,739,085
Total	(7,404,364)	(21,510,863)
Cash Generated from operations	47,372,273	7,293,437
Direct taxes paid	(16,921,058)	(19,316,040)
Net Cash Flow from Operating Activities	30,451,215	(12,022,603)
Cash flow from Investing Activities		
Purchase of fixed assets	(9,015,754)	(10,693,144)
Sale of fixed assets	687,860	52,551,300
Interest received	2,944,805	40,052
Increase in Fixed Deposit with banks	(43,357,170)	(318,637)
Net cash used in investing activities	(48,740,259)	41,579,571
Cash flow from financing activities		
Proceeds from long term borrowings (Net)	3,199,106	2,119,972
Dividend paid (Including Dividend distribution tax)	(20,338,938)	(1,224,392)
Interest paid	(443,234)	(764,958)
Net cash used in financing activities	(17,583,065)	130,622
Net decrease in cash and cash equivalents	(35,872,109)	29,687,590
Cash and cash equivalent as at 01.04.2011 (Opening Balance)	38,081,417	8,393,827
Cash and cash equivalent as at 31.03.2012 (Closing Balance)	2,209,309	38,081,417

for **KANU DOSHI ASSOCIATES**
Chartered Accountants
FRN : 104746W
Mihir Hindocha
Partner
M. No. 112766

Place:- Mumbai
Date :- 15-05-2012

On behalf of the Board

Naresh Kothari
Chairman & Managing Director
Niranjan Unadkat
Whole Time Director
M. D. Patel
Director

Place:- Baroda
Date :-14-05-2012