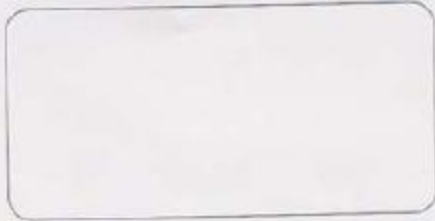


Book Post



**KAG**  
AUTOPARTS

If Undelivered, please return to:  
**GUJARAT AUTOMOTIVE GEARS LTD.**  
Kaleli, Baroda - 390 012, India.  
Telephone No: 0265 - 2680164 / 2680537  
Fax No: 0265 - 2680984  
E mail Address : gujarat.gears@gagl.net  
Web Add : www.gagl.net  
CIN No : L29130GJ1971PLC001866

**GUJARAT AUTOMOTIVE GEARS LTD.**

43<sup>rd</sup>  
Annual Report  
2013-2014



**BOARD OF DIRECTORS:**

Mr Rajiv Aggarwal	- Chairman & Managing Director
Mr Ravikant Dhawan	- Director
Mr Rajendra Prasad Sinha	- Independent Director
Mr Ankit Jain	- Independent Director

**AUDITORS :**

M/s. KANU DOSHI ASSOCIATES, MUMBAI

**REGISTERED OFFICE :**

Village Billanwali, Baddi-173205  
Distt. Solan (Himachal Pradesh)  
CIN: L29130GJ1971PLC001866  
Telephone No.+91(1795)650426  
Fax No.+91(1795)245467  
E mail :gujarat.gears@gagl.net  
gujarat.gears@gmail.com  
Web site :www.gagl.net.

**WORKS:**

KALALI-VADODARA-390 012 (GUJARAT)  
Telephone No. +91(265)2680164/2680537  
Fax No.: +91(265)2680984



## Gujarat Automotive Gears Limited

### NOTICE

NOTICE is hereby given that the Forty Third Annual General Meeting of the members of Gujarat Automotive Gears Limited will be held at the registered office of the Company at Village Billanwali, Baddi-173205 Distt. Solan (Himachal Pradesh) on Saturday, 20<sup>th</sup> September, 2014 at 11.30 a.m. to transact the Following business:

#### Ordinary business :

- To receive, consider and adopt the audited Balance Sheet as at 31st March 2014 and the Profit and Loss Account for the year ended on that day and the Directors' and the Auditors' Report thereon.
- To declare dividend, if any
- To appoint auditors to hold office until the conclusion of the next annual general meeting and to fix their remuneration.

#### Special business :

- To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:  
RESOLVED THAT Mr.Rajiv Aggarwal be and is hereby appointed as Director of the Company liable to retire by rotation.
- To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:  
RESOLVED THAT Mr Rajendra Prasad Sinha be and is hereby appointed as Independent Director of the Company to hold office until the conclusion of the next annual general meeting.
- To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:  
RESOLVED THAT Mr Ravikant Tilakraj Dhawan be and is hereby appointed as Director of the Company liable to retire by rotation.
- To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:  
RESOLVED THAT Mr. Ankit Jain be and is hereby appointed as Independent Director of the Company to hold office until the conclusion of the next annual general meeting.
- To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions:  
"RESOLVED that pursuant to section 196, 197, 200, 203 and other provisions applicable, if any and schedule V of the Companies Act, 2013 and subject to the approval of the Central Government or any other authority required, if any, consent of the members of the Company be and is hereby given for the appointment of Mr.Rajiv Aggarwal as Managing Director of the Company for a period of five years with effect from the 12<sup>th</sup> September, 2013 on the terms and conditions as detailed hereunder, with a liberty to the Board of Directors of the Company to modify the said terms and conditions within the limits prescribed/which may be prescribed in schedule V of the Companies Act, 2013 and any amendment thereof from time to time:  
[i] Salary:  
Not exceeding Rs.3,50,000/- [Rupees Three Lacs Fifty Thousand Only] per month [including perquisites and other allowance, if any] with effect from 1<sup>st</sup> April, 2014  
[ii] Contribution to provident fund, superannuation fund and annuity fund will not be included in the computation of the ceiling on managerial remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.  
[iii] Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.  
[iv] 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.  
"RESOLVED FURTHER THAT, where in any financial year, during the currency of tenure of Mr.Rajiv Aggarwal as Managing Director, the Company has no profit or its profits are inadequate, it may pay him minimum remuneration by way of salary, perquisites and allowances not exceeding the limits specified above for a period of three years with effect from 1<sup>st</sup> April, 2014.
- To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions:  
RESOLVED pursuant to section 180(1)(c) and other provisions applicable, if any, of the Companies Act, 2013 that the Board of Directors of the Company be and is hereby authorized to borrow money from bank, financial institutions, other companies / persons as may be required from time to time on such terms and conditions as may be considered suitable by the Board of Directors not exceeding Rs.30 crore (Rupees Thirty Crore only) notwithstanding that the money to be borrowed together with moneys already borrowed by the Company ( apart from temporary loans obtained from the company's banker in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and free reserves.  
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution.
- To consider and if thought fit, to pass with or without modification, the following resolutions as Special Resolutions:  
RESOLVED that consent of the Company be and is hereby accorded pursuant to section 180(a) and other provisions applicable, if any, of the Companies Act, 2013 to the Board of Directors of the Company to mortgage and or charge all the immovable and movable properties where so ever situate, present and future of the Company as security with the bank, financial institutions, other companies as may be required to avail loans, various fund base and / or non-fund base credit facilities not exceeding Rs.30 crore (Rupees Thirty Crore only).  
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution.

#### Registered Office:

Village Billanwali, Baddi-173205  
Distt. : Solan (Himachal Pradesh)  
Date : 08.08.2014

By Order of the Board

Rajiv Aggarwal  
Chairman & Managing Director

#### NOTES:

- AMEMBER 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.
- Members should notify change in the address, if any, specifying full address in block letters with pin code of the post office.
- 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.
- The register of members and share transfer book will remain closed from Tuesday, the 16th September, 2014 to Saturday, the 20<sup>th</sup> September, 2014 [both days inclusive].
- Members attending the meeting are requested to bring their copy of the Annual Report.
- Voting through electronic means : E-voting : 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.
- Explanatory statement setting out all material facts concerning the special business u/s 102 of the Companies Act, 2013 is annexed hereto :  
**Explanatory statement in respect of the special business u/s 102 of the Companies Act, 2013**

#### Item No.4

Mr.Rajiv Aggarwal was appointed as additional Director at the meeting of the Board of Directors of the Company on 11<sup>th</sup> September, 2013. He is qualified Chartered Accountant and Company Secretary. He has more than 33 years of experience in industry. He is Director in other companies also. Mr.Rajiv Aggarwal will hold office up to the date of ensuing AGM. Your Company has received a notice in writing from one of the members of your Company along with a deposit of Rs.1 lac under section 160 of the Companies Act, 2013 proposing to appoint Mr.Rajiv Aggarwal as Director at the ensuing annual general meeting.

The company has received from Mr.Rajiv Aggarwal (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules 2014; and (ii) intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

The Board considers that his appointment as Director of your company is in the interest of the Company. Your Board recommends his appointment as Director of your Company.

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.

#### Item No.5

Mr Rajendra Prasad Sinha was appointed as Independent Director at the meeting of the Board of Directors of the Company on 12<sup>th</sup> September, 2013. He is M. Sc. (Mathematics) with gold-medalist from Patna University and passed CAIIB and has varied and rich experience of over 38 years in State Bank Group. He has expertise in Corporate Finance and Credit Management. He retired as Deputy Managing Director after successfully heading two verticals viz. Information Technology and Management Audit in the country's largest commercial bank, State Bank of India. He is Director in other companies also. Mr Rajendra Prasad Sinha will hold office up to the date of ensuing AGM. Your Company has received a notice in writing under the provisions of section 160 of the Companies Act, 2013 from one of the members of your Company along with a deposit of Rs.1 lac proposing to appoint Mr Rajendra Prasad Sinha as Independent Director at the ensuing annual general meeting.

The company has received from Mr Rajendra Prasad Sinha (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules 2014; and (ii) intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

Your Board is of the opinion that Mr Rajendra Prasad Sinha proposed to be appointed as Independent Director fulfils the conditions specified in the Act and the rules made there under and that he is independent of the management. Mr Rajendra Prasad Sinha eligible and seeking re-appointment is proposed to be appointed as an Independent Director until the conclusion of the next annual general meeting. A copy of the draft letter for appointment of Mr Rajendra Prasad Sinha as an independent director setting out the terms and conditions is available for inspection by members at the registered office of the company.

The Board considers that his appointment as Independent Director of your company is in the interest of the Company. Your Board recommends his appointment as Director of your Company.

No Director, Key Managerial Personnel or their relatives, except Mr Rajendra Prasad Sinha 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.

#### Item No.6

Mr Ravikant Tilakraj Dhawan was appointed as Additional Director at the meeting of the Board of Directors of the Company on 12<sup>th</sup> September, 2013. He is B.E. (Mechanical), PGDBM (Marketing) having 42 yrs of rich experience in the Auto and Auto Ancillary industries in India. He is Director in other companies also. Mr Ravikant Tilakraj Dhawan will hold office up to the date of ensuing AGM. Your Company has received a notice in writing from one of the members of your Company along with a deposit of Rs.1 lac under section 160 of the Companies Act, 2013 proposing to appoint Mr Ravikant Tilakraj Dhawan as Director at the ensuing annual general meeting.

The company has received from Mr Ravikant Tilakraj Dhawan (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules 2014; and (ii) intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

The Board considers that his appointment as Director of your company is in the interest of the Company. Your Board recommends his appointment as Director of your Company.



No Director, Key Managerial Personnel or their relatives, except Mr Ravikant Tilakraj Dhawan 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.

**Item No.7**

Mr. Ankit Jain was appointed as Independent Director at the meeting of the Board of Directors of the Company on 11<sup>th</sup> September, 2013. Mr. Jain is a Director at KDA Corporate Advisors Pvt. Ltd. and lends his unmatched business acumen and a sharp strategic vision to key corporate finance, M&A and PE projects. With more than five years of experience, he has domain expertise across Automobile, Oil & Gas, Mining and Outsourcing verticals. Prior to joining KDA Corporate Advisors, he worked with Mazars Singapore, a French consulting firm where he exhibited exceptional leadership abilities. He went on to become the co-founder of 'A Cube Consultants' in Singapore.. Mr. Ankit Jain will hold office up to the date of ensuing AGM. Your Company has received a notice in writing from one of the members of your Company along with a deposit of Rs.1 lac under section 160 of the Companies Act,2013 proposing to appoint Mr. Ankit Jain as Independent Director at the ensuing annual general meeting.

The company has received from Mr. Ankit Jain (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules 2014; and (ii) intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

Your Board is of the opinion that Mr. Ankit Jain proposed to be appointed as Independent Director fulfils the conditions specified in the Act and the rules made there under and that he is independent of the management. Mr. Ankit Jain eligible and seeking re-appointment is proposed to be appointed as an Independent Director until the conclusion of the next annual general meeting. A copy of the draft letter for appointment of Mr. Ankit Jain as an independent director setting out the terms and conditions is available for inspection by members at the registered office of the company. The Board considers that his appointment as Independent Director of your company is in the interest of the Company. Your Board recommends his appointment as Director of your Company.

No Director, Key Managerial Personnel or their relatives, except Mr. Ankit Jain 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.

**Item No.8**

Mr.Rajiv Aggarwal was appointed as Managing Director for a period of five years w.e.f. 12<sup>th</sup> September, 2013, as per resolution passed at the meeting of the Board of directors of the Company held on 12<sup>th</sup> September, 2013, subject to approval of the Company by special resolution. He has not been paid any remuneration upto 31<sup>st</sup> March,2014. He is a qualified Chartered Accountant and Company Secretary and having more than 33 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 pay him remuneration with effect from 1<sup>st</sup> April,2014 on a remuneration mentioned as above.

The information required as per clause iv of second proviso of section II of para 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 Perfomance :** Profit after depreciation and interest of Rs.692.29 Lac (Previous Year Profit of Rs 605.26 Lac). Exports during the year was Rs. 2795.22 Laces as against Rs. 2325.22 Laces during previous year showing a growth of 20.21%.  
The Company's net profit after taxation is Rs. 464.58 lacs for the year ended 31<sup>st</sup> March, 2014 compare to previous year profit of Rs. 407.90 showing rise of 13.90%
3. **Export Performance:** Exports during the year was Rs. 2795.22 Laces as against Rs. 2325.22 Laces during previous year showing a growth of 20.21%.

**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 33 years of experience in industry. He is looking after finance, legal, banking, accounts and other commercial matters of the company.
2. **Past remuneration :**Rs.22,80,000 per annum as Executive Director in Him Teknoforge Ltd.
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 :**
  - i. **Salary:**  
Not exceeding Rs.3,50,000/- {Rupees Three Lacs Fifty Thousand Only} per month [including perquisites and other allowance, if any] with effect from 1<sup>st</sup> April,2014
  - ii. Contribution to provident fund, superannuation fund and annuity fund will not be included in the computation of the ceiling on managerial remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act. Gratuity payable should not exceed half a month's salary for each completed year of service.
  - iii Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
  - iv. 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.
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 in European market, rise in export sales could not be achieved 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 European countries to procure major orders and tries to boost export sales
3. **Expected increase in productivity and profits in measurable terms:** Company expects to increase total sale by about 20% and accordingly profit during the year 2014-15.

The Remuneration Committee of the Company has recommended remuneration at its meeting held on 20<sup>th</sup> March,2014 as mentioned in the proposed resolution.

**i) Other Information :**

Total Turn over during the year is Rs.2862.97 Lac (Previous Year Rs. 2410.09 Lac) showing increase of **18.79 %** over the previous year. We have made a Profit after depreciation and interest of Rs.692.29 Lac (Previous Year Profit of Rs 605.26 Lac). Exports during the year was Rs. 2795.22 Laces as against Rs. 2325.22 Laces during Previous year showing a growth of **20.21%**.

As in the past, during the coming year more focus will be on exports with regular visits to customers and taping new customers at trade fairs and exhibitions.

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.**

**Item No.9**

As per section 180(c) of the Companies Act,2013 the Company can not borrow moneys in excess of its paid up capital and free reserves apart from temporary loans obtained from the company's banker in the ordinary course of business except with the consent of the members of the Company in general meeting by special resolution. Your Company intends to expand its business and will require more fund by way of loan from the bank, financial institutions, other companies/ persons. Since total loan of Rs.30 crore (Rupees Thirty Crores only) will exceed the aforesaid limit, prior approval by means of special resolution passed at the general meeting is necessary.

Your Board recommends the above special resolution.

No other Directors are directly or indirectly interested or concerned in the above resolutions.

**Item No. 10**

Your Company requires to mortgage/ charge its immovable and movable properties as security to avail various credit facilities from the bank, financial institutions, other companies/ persons from time to time. As per section 180(a) of the Companies Act,2013 the Company can not mortgage/ charge its immovable and movable properties except with the consent of the members of the Company in general meeting by special resolution. Your Board recommends the above special resolution.

No other Directors are directly or indirectly interested or concerned in the above resolutions.

**Registered Office:**

**Village Billanwali, Baddi-173205**  
**Distt. : Solan (Himachal Pradesh)**  
**Date : 08.08.2014**

**By Order of the Board**

**Rajiv Aggarwal**  
**Chairman & Managing Director**

**The instructions for members for voting electronically are as under:-**

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.



## Gujarat Automotive Gears Limited

(vii) 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) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their Name* and the last 8 digits of the demat client ID account/folio number in the PAN field.</li> <li>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> <li>Please note-If your name in the Register of Members of company starts with any Prefix Like "Dr","Mr","Mrs","Smt"; etc.then please use the first two letters of The Prefix.If the second letter in your Name contains any special character,then use the number 0 in its place.For exact name, please refer the Address Slip.</li> </ul>
<b>DOB Or Dividend Bank Details</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. <b>Please Note-</b> 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. 18 <sup>th</sup> , August, 2014

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly 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.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN no 140726005 for the relevant Gujarat Automotive Gears Ltd on which you choose to vote.

(xii) 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.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) 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.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts 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.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

### In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 14<sup>th</sup> September 2014 at 9.00 AM and ends on 16<sup>th</sup> September 2014 at 6.00 PM. 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 <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) 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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## Annual Report 2013-14

### DIRECTORS' REPORT

Your Directors have pleasure in presenting the Forty Third Annual Report of the Company together with the audited accounts for the year ended on March 31, 2014

### FINANCIAL RESULTS:

(Rupees in lacs)

Particular	2013-2014 Rs.	2012-2013 Rs.
1 Operating profit	736.76	648.10
2 Add :Profit on sale of assets	0	1.74
3 Total profit	736.76	649.84
4 Less : Depreciation	44.47	44.58
5 Total profit for the year after depreciation but before tax	692.29	605.26
6 Less : Provision for taxation	228.63	185.00
7 Less :Provision for deferred tax assets / liabilities	-0.92	12.36
8 Profit after tax	464.58	407.90
9 Balance of profit brought forward from previous year	1159.14	804.31
10 Profit available for appropriation	1623.72	1212.21
11 Less : Proposed dividend	10.50	10.50
12 Tax on proposed dividend	1.78	1.78
13 Transferred to general reserve	46.70	40.79
14 Net profit carried forward to balance sheet	1564.74	1159.14

### OPERATIONS:

Total Turn over during the year is Rs.2862.97 Lac (Previous Year Rs. 2410.09 Lac) showing increase of 18.79 % over the previous year. We have made a Profit after depreciation and interest of Rs.692.29 Lac (Previous Year Profit of Rs 605.26 Lac). Exports during the year was Rs. 2795.22 Lacs as against Rs. 2325.22 Lacs during Previous year showing a growth of 20.21%.

During current year the exchange rate of rupee against US Dollars & Euro has been stable compared to previous year. Also during the current year our export sales are 97.63 % of our total sales.

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 exhibitions.

### Director's Responsibility Statement: Your Board States that

- In the preparation of the annual account for the year ended on 31st March, 2014 the applicable, accounting standards had been followed and there had been no material departures from the said standard.
- 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, 2014 and of the profits of the company for the year ended on that day.
- 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.
- The directors had prepared annual accounts for the year ended 31st March 2014 on a going concern basis.

### DIVIDEND:

The Board recommends 30 % dividend (i.e Rs 0.60 per share of Rs.2) for the year ended 31st March, 2014.

### DIRECTORS:

Mr.Naresh Kothari, Mr.Niranjan Unadkat, (Mrs.) T.N. Kothari, Mr.A.H. Patel and Mr.M.D. Patel resigned during the year due to handing over the management to others.



## Gujarat Automotive Gears Limited

Mr.Vijay Aggarwal, Mr.Rajiv Aggarwal, Mr Rajendra Prasad Sinha, Mr Ravikant Tilakraj Dhawan, Mr Ankit Jain and Mr.Jayvant Mehta were appointed as additional Directors during the year. Mr.Ramkisan Amirchand Devidayal was appointed as additional Director on 14<sup>th</sup> May,2014

Mr.Vijay Aggarwal, Mr.Jayvant Mehta and Mr.Ramkisan Amirchand Devidayal resigned due to their personal reasons.

The Company has received notice under section 160 of the Companies Act,2013 for the appointment of Mr.Rajiv Aggarwal, Mr Rajendra Prasad Sinha, Mr Ravikant Tilakraj Dhawan and Mr Ankit Jain as Directors of the Company. The Board recommend to appoint them.

### PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is NIL

### PUBLIC DEPOSITS:

The company has not accepted deposits U/S 58 A of the Companies Act, 1956 during the year.

### AUDITORS' REPORT:

The observation of the Auditors, if any, is explained by way of appropriate notes to the accounts.

### AUDITORS:

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

### SECRETARIAL COMPLIANCE CERTIFICATE:

Secretarial Compliance Certificate of M/s Dinesh Mehta & Co., Company Secretaries as required under 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.

### Registered Office:

Village Billanwalli, Baddi-173205  
Dis Solan (Himachal Pradesh)

Date :08.08.2014

By Order of the Board  
  
Rajiv Aggarwal  
Chairman & Managing Director

## 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)

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

#### 2) Technology absorption, adoption 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.                | None            |
| c) In case of imported technology Imported during the last 5 year Reckoned from the beginning of the Financial year, following information may be furnished: | None            |
| 1. Technology imported   | Not applicable. |
| 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.  |                 |

### FOREIGN EXCHANGE EARNINGS AND OUTGO

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. 123.04 Lacs P.Y. (Ind. Rs. 114.68 Lacs)  |
| c) Total foreign exchange earned | Rs. 2769.22 Lacs P.Y.(Ind. Rs. 2313.97 Lacs) |



## Gujarat Automotive Gears Limited

Dinesh Mehta & Co.,  
Company Secretaries

4, Rutu Villa,  
Gotri Telephone Exchange Road,  
Gotri, Baroda – 390 021,  
Ph. No. 2371241

### COMPLIANCE CERTIFICATE

To  
The Members  
Gujarat Automotive Gears Limited  
Kalali, Baroda 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 31<sup>st</sup> March 2014 (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 nine times respectively on 25.04.2013, 29.07.13, 11.09.13, 12.09.13, 29.10.2013, 19.12.13, 08.01.2014, 12.02.14 and 20.03.14 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 26.08.2013 to 31.08.2013 and necessary Compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March 2013 was held on 31.08.2013 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. One Extra Ordinary General Meeting through postal ballot 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.
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) transferred outstanding amount in unclaimed dividend account to Investor Education and Protection Fund during the financial year.
  - 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 appointment of additional directors during the year. There was no appointment of alternate directors and directors to fill casual vacancy during the financial year.
15. The company has appointed Mr. Vijay Aggarwal and Mr. Rajiv Aggarwal as Managing Directors of the Company during the year in compliance of section 269 read with Schedule XIII to the Act.
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, Registrar of Companies and /or such authorities prescribed under the various provisions of the Act during the year. The company has applied to the Regional Director to shift the registered office from the state of Gujarat to the state of Himachal Pradesh.
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. However the company has issued fresh share certificates on sub division of share of nominal value of Rs.10 in to 5 shares of Rs.2 each.
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 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 given loans to other body corporate in compliance with the provisions of the Act and has made entries in the Register kept for the purpose. The company has not given guarantees or provided securities to other bodies corporate.
26. The company has 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 and necessary compliance is under process.
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 altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny and complied with the provisions of the Act.
30. The company has altered its articles of association after obtaining approval of members by special resolution through postal ballot 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.

For Dinesh Mehta & CO.  
Company Secretaries

Dinesh Mehta  
Proprietor  
C.P. No. 2127

Place: VADODARA  
Date: 25/04/2014



**Annexure A**

Registers as maintained by Gujarat Automotive Gears Limited

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 loan.

**Annexure B**

Forms>Returns filed by Gujarat Automotive Gears Ltd. for the year ended 31.03.2014.

1. Balance sheet as at 31.03.2013 under Form No.23AC XBRL & 23ACA XBRL filed on 06.09.2013
2. Annual return up to 31.08.2013 under Form No.20B filed on 07.09.2013.
3. Compliance Certificate for the year ended 31.03.2013 under Form No.66 filed on 31.08.2013
4. Form No. 23C filed on 26.06.2013
5. Form I-XBRL filed on 09.08.2013
6. Three Form No. 23 filed on 14.09.2013, 26.02.2014 and 18.03.2014
7. Two Form no. 32 filed on 12.09.2013 and 08.11.2013
8. Two Form No. 25C filed on 14.09.2013
9. Form 23B filed on 01.10.2013
10. Unclaimed dividend for the year ended 31.03.2006 paid as per challan dated 14.10.2013 for Rs.35,120 to Investor Education and Protection Fund.
11. Form 1INV filed on 28.10.2013
12. Two Form 5INV filed on 25.04.2013 & 14.03.2014
13. Two Form 67 filed on 08.01.2014 and 24.01.2014
14. Form 62 dated 08.01.2014 filed on 15.01.2014
15. Form 5 dated 17.02.2014 filed on 26.02.2014
16. Form 62 dated 17.02.2014 filed on 27.02.2014
17. Form 24AAA filed on 31.03.2014
18. Form 61 dated 08.01.2014 filed on 31.03.2014

For Dinesh Mehta & Co.  
Company Secretaries  
Dinesh Mehta  
Proprietor

**Independent Auditor's Report**

To,  
The Members of Gujarat Automotive Gears Limited  
Report on the Financial Statements

We have audited accompanying financial statements of **Gujarat Automotive Gears Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003, ("the order") as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) 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.
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act, 2013.
  - e) On the basis of the written representations received from the directors, as on March 31, 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Kanu Doshi Associates  
Chartered Accountants  
Firm Registration Number: 104746W

Manoj Kumar Pati  
Partner  
Membership No: 504536

Place: Mumbai  
Date: 15.05.2014





**ANNEXURE TO THE AUDITOR'S REPORT**

Referred to in paragraph 1 of 'Report on other Legal and Regulatory Requirements' in our Report of even date on the accounts of Gujarat Automotive Gears Limited ("the Company") for the year ended March 31, 2014;

- i. (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off a substantial part of the fixed assets.
- ii. (a) As explained to us, physical verification of inventories is conducted by the management at reasonable intervals during the year.
- (b) The procedure for physical verification of inventories is reasonable and adequate.
- (c) No material discrepancies were noticed on physical verification and are properly dealt in the books of accounts
- iii. (a) The Company has given an inter-corporate deposit to Him Teknoforge Limited (an enterprise having substantial interest in the Company), the maximum principal balance during the year and the year ended balance of which is Rs. 9,00,00,000/-.
- (b) In our opinion and according to the information and explanations given to us, the terms and conditions of the inter-corporate deposit given are not prima facie prejudicial to the interest of the Company.
- (c) Interest accrued but not due on the inter-corporate deposit given during the year is Rs. 28,78,866/-.
- (d) Since interest accrued on inter-corporate deposit is not due, clause (iii)(d) of paragraph 4 of the Order is not applicable.

As informed to us, the Company has not taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence clauses (iii) (e) to (iii) (g) of paragraph 4 of the order are not applicable 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 system.
- v. (a) In respect of transactions entered in the register maintained in pursuance of section 301 of The Companies Act 1956, to the best of our knowledge and belief and according to the information and explanation given to us, particulars of contracts or arrangements that needed to be entered into the register, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act, and exceeding Rs. 5,00,000/- in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. During the year, the Company has not accepted any deposits from the public. As such, the compliance with directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
- vii. In our opinion, the Company has internal audit system commensurate with the size of the company and the nature of its business.
- viii. As required under section 209(1)(d) of the Companies Act, 1956, Cost audit has been carried out during the year.
- 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, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess, service tax 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 March 31, 2014 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no disputed dues on account of sales tax, service tax, wealth tax, excise duty and cess which have not been deposited as on March 31, 2014 with appropriate authorities. The following are the particulars of income tax dues not deposited under protest by the Company on account of disputes as at March 31, 2014 :-

Nature of dues	Amount not paid in protest (Rs.)	Forum where dispute is pending
Income Tax	95679/-	High Court, Gujarat.

- x. The Company' has no accumulated losses at the end of the financial year exceeding fifty percent of its net worth. Further, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and information and explanation given to us, the Company has not defaulted in repayment of dues to financial institution, bank or debenture holders as at the Balance Sheet date.
- xii. According to the information and explanations given to us, 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.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments hence the provisions of the clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us and the record examined by us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The Company has not taken any term loan during the year.
- 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 in respect thereof does not arise.
- xx. During the year, the company has not raised any money through Public Issue. Hence the clause 4(xx) of the order is not applicable.
- 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: 15.05.2014

**For Kanu Doshi Associates**  
Chartered Accountants  
Firm Registration Number: 104746W

**Manoj Kumar Pati**  
Partner  
Membership No: 504536



**Gujarat Automotive Gears Limited**

**BALANCE SHEET AS AT 31.03.2014**

(Amount in Rs )

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	3,500,000	3,500,000
Reserves and Surplus	3	182,108,016	136,878,398
		<b>185,608,016</b>	<b>140,378,398</b>
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	-	1,253,987
Deferred tax liabilities (net)		2,108,637	2,201,021
Long term provisions	5	68,593	2,748,595
		<b>2,177,230</b>	<b>6,203,603</b>
<b>Current Liabilities</b>			
Trade payables (Refer Note No.34)		44,858,856	30,826,651
Other current liabilities	6	5,874,641	6,774,182
Short-term provisions	7	2,233,819	2,331,297
		<b>52,967,316</b>	<b>39,932,130</b>
<b>Total</b>		<b>240,752,562</b>	<b>186,514,131</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	8	30,329,509	35,989,407
Intangible assets	8	-	-
Capital work-in-progress		80,927	-
Long term loans and advances	9	112,604,166	17,023,324
		<b>143,014,602</b>	<b>53,012,731</b>
<b>Current assets</b>			
Inventories	10	31,060,201	29,160,387
Trade receivables	11	51,566,440	40,977,604
Cash and Bank balances	12	10,934,839	62,412,799
Short-term loans and advances	13	1,297,614	950,610
Other current assets	14	2,878,866	-
		<b>97,737,960</b>	<b>133,501,400</b>
<b>Total</b>		<b>240,752,562</b>	<b>186,514,131</b>
<b>Summary of Significant Accounting Policies</b>	1		

The accompanying notes are integral part of the financial statements

**For Kanu Doshi Associates**  
Chartered Accountants  
FRN: 104746W

**Manoj Kumar Pati**  
Partner  
M.No. 504536

Place:- Mumbai  
Date :- 15.05.2014

**On behalf of the Board**

**Rajiv Aggarwal**  
Managing Director

**Ravikant Dhawan**  
Director

Place:- Baroda  
Date :- 14.05.2014

**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2014**

(Amount in Rs )

Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Revenue from operations (Gross)	15	299,343,621	250,401,252
Less: Excise Duty		13,046,342	9,391,644
Revenue from operations (Net)		<b>286,297,279</b>	<b>241,009,608</b>
Other Income	16	13,511,886	8,998,587
<b>Total Revenue</b>		<b>299,809,165</b>	<b>250,008,195</b>
<b>Expenses :</b>			
Cost of materials consumed	17	159,771,241	125,567,936
Changes in inventories of finished goods and semi finished goods	18	(5,165,822)	6,060,058
Employee benefits expense	19	22,235,861	16,044,300
Financial costs	20	331,541	424,921
Depreciation and amortization expenses	8	4,446,996	4,457,559
Other expenses	21	48,960,779	36,927,188
<b>Total Expenses</b>		<b>230,580,596</b>	<b>189,481,962</b>
<b>Profit before tax</b>		<b>69,228,569</b>	<b>60,526,233</b>
<b>Tax expense:</b>			
Current tax		22,732,343	18,500,000
Deferred tax (credit)/ expense		(92,385)	1,236,084
Earlier years tax adjustments		130,544	-
<b>Profit/(Loss) for the period</b>		<b>46,458,067</b>	<b>40,790,149</b>
Earning per equity share:	26		
Basic		26.55	23.31
Diluted		26.55	23.31
<b>Summary of Significant Accounting Policies</b>	1		

The accompanying notes are integral part of the financial statements

**For Kanu Doshi Associates**  
Chartered Accountants  
FRN: 104746W

**Manoj Kumar Pati**  
Partner  
M.No. 504536

Place:- Mumbai  
Date :- 15.05.2014

**On behalf of the Board**

**Rajiv Aggarwal**  
Managing Director

**Ravikant Dhawan**  
Director

Place:- Baroda  
Date :- 14.05.2014



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

(Amount in Rs )

Particulars	31.03.2014	31.03.2013
<b>Net Profit before Tax</b>	<b>69,228,569</b>	<b>60,526,233</b>
Adjustment for		
Depreciation	4,446,996	4,457,559
Interest Expenses	331,541	424,921
(Profit)/loss on sale of fixed assets	3,081,624	(173,818)
Interest income	(6,504,491)	(4,078,078)
Changes in foreign exchange	1,873,679	-
<b>Operating profit before working capital changes</b>	<b>72,457,918</b>	<b>61,156,817</b>
Adjustment for		
Sundry Debtors	(12,462,515)	(9,423,558)
Loans & Advances	(5,927,847)	774,265
Inventories	(1,899,814)	11,326,092
Trade and Other Liabilities and Provisions	11,382,420	(204,808)
<b>Total</b>	<b>(8,907,756)</b>	<b>2,471,991</b>
<b>Cash Generated from operations</b>	<b>63,550,162</b>	<b>63,628,808</b>
Direct taxes paid	(22,303,898)	(19,720,233)
<b>Net Cash Flow from Operating Activities</b>	<b>41,246,264</b>	<b>43,908,575</b>
Cash flow from Investing Activities		
Purchase of fixed assets including WIP	(3,196,348)	(11,587,916)
Sale of fixed assets	1,246,699	731,500
Inter corporate Deposit given	(90,000,000)	-
Interest received	3,625,625	4,078,078
Decrease/(Increase) in Fixed Deposit with banks	46,977,572	(7,331,765)
<b>Net cash used in investing activities</b>	<b>(41,346,451)</b>	<b>(14,110,103)</b>
Cash flow from financing activities		
Repayment on long term borrowings (Net)	(2,786,730)	(2,532,348)
Proceeds/Repayment of unsecured loan	-	-
Dividend paid (Including Dividend distribution tax)	(1,255,189)	(20,338,938)
Interest paid	(331,541)	(424,921)
<b>Net cash used in financing activities</b>	<b>(4,373,460)</b>	<b>(23,296,207)</b>
Net (decrease)/increase in cash and cash equivalents	(4,473,647)	6,502,265
Opening Cash and cash equivalent	8,711,574	2,209,309
Closing Cash and cash equivalent	4,237,927	8,711,574

For Kanu Doshi Associates  
Chartered Accountants  
FRN: 104746W

Manoj Kumar Pati  
Partner  
M.No. 504536

Place:- Mumbai  
Date :- 15.05.2014

On behalf of the Board

Rajiv Aggarwal  
Managing Director

Ravikant Dhawan  
Director

Place:- Baroda  
Date :- 14.05.2014

## 1. NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

## 1A Company Background

Gujarat Automotive Gears Limited (GAGL) was established in 1973 at Baroda, India for the manufacture of Auto and Tractor components. Marketed under the brand names of KAG, these components serve the aftermarket and OEM's in India. Two decades of experience, an established network and a synergistic approach to design and execution, ensures quality products and components from concept to completion.

## 1B SIGNIFICANT ACCOUNTING POLICIES

## (i) 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 read with the general circular 15/2013 dated 13th September, 2013 of the Ministry Of Corporate Affairs in respect of section 133 of Companies Act, 2013. Financial statements are based on historical cost and are prepared on accrual basis except otherwise stated.

## (ii) 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.

## (iii) 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.

## (iv) Depreciation

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.

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 asset 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.

## (v) 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, 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.

## (vi) Intangible Assets &amp; Amortisation

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

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

## (vii) 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.

## (viii) 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.



## Gujarat Automotive Gears Limited

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 FIFO basis.

Materials held for use in the production of inventories are not written down below cost if finished products in which they will be incorporated are expected to be sold at or above cost.

### (ix) 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.

### (x) 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 and included in the valuation of finished goods.

Export benefits are accounted on accrual basis.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Claims receivable are accounted at the time when such income has been earned by the Company depending in certainty of receipts.

### (xi) Foreign Exchange

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.

### (xii) Employee Benefits

#### 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.

#### 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, using 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.

### (xiii) 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.

### (xiv) 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rs.)

### 2 Share Capital

Particulars	As at R1st March, 2014	As at 31st March, 2013
<b>Authorised</b>		
21,25,000 Equity Shares (Previous Year 4,25,000 of Rs.10 each) of Rs 2/- 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
	10,000,000	10,000,000
<b>Issued, Subscribed and Fully Paid up</b>		
17,50,000 (Previous Year 3,50,000 of 10 each) Equity Shares of Rs. 2/- each fully paid-up	3,500,000	3,500,000
<b>TOTAL</b>	<b>3,500,000</b>	<b>3,500,000</b>

The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity shares entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend of Rs 0.60 Paise per share (30% of share value) has been proposed by the Board of Director through Board Meeting held on 14th May, 2014.

During the financial year the Company has divided one equity share of Rs 10 each into 5 equity shares of Rs 2 each passed through its board resolution dated 17th February, 2014.

During the financial year, the promoters and promoter groups have transferred 55% of their shareholding to HIM Teknoforge Ltd and its associates through a share purchase agreement dated 24th June, 2013.

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, 2014	As at 31st March, 2013
<b>In Equity Shares</b>		
<b>HIM Teknoforge Limited</b>		
No. of Shares (Equity shares of Rs 2 each)	740,970	—
% holding in the class	42.34%	—
<b>Globe Precision Industries Pvt Ltd</b>		
No. of Shares (Equity shares of Rs 2 each)	275,000	—
% holding in the class	15.71%	—
<b>Naresh Kothari</b>		
No. of Shares (Equity shares of Rs 2 each)	266,150	152,880
% holding in the class	15.21%	43.68%
(Previous year equity shares of Rs 10 each)		
<b>Tejas Kothari</b>		
No. of Shares (Equity shares of Rs 2 each)	—	92,850
% holding in the class	—	26.53%
(Previous year equity shares of Rs 10 each)		



## Gujarat Automotive Gears Limited

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rs.)

#### 3 Reserves & Surplus

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>General Reserve</b>		
As per Last Balance Sheet	20,964,406	16,885,391
Add : Transferred from Profit and Loss Account	4,669,537	4,079,015
<b>Closing Balance</b>	<b>25,633,943</b>	<b>20,964,406</b>
<b>Balance In Profit &amp; Loss Account</b>		
As per Last Balance Sheet	115,913,992	80,431,306
Profit for the year	46,458,067	40,790,149
Less : Transfer to General Reserve	4,669,537	4,079,015
Less : Proposed Dividend	1,050,000	1,050,000
Less : Tax on Proposed Dividend	178,448	178,448
<b>Net Surplus in profit and Loss account</b>	<b>156,474,073</b>	<b>115,913,992</b>
<b>TOTAL</b>	<b>182,108,016</b>	<b>136,878,398</b>

#### 4 Long Term Borrowing

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Secured:</b>		
Term loan from bank (Note.4A)	-	1,253,987
<b>TOTAL</b>	<b>-</b>	<b>1,253,987</b>

Note 4A : During the financial year, The company has repaid fully the term loan. The said term loan was carrying interest @10% P.A and was secured by hypothecation of vehicle for which the loan was taken.

#### 5 Long Term Provisions

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
For Leave Encashment	68,593	2,748,595
For Gratuity	-	-
<b>TOTAL</b>	<b>68,593</b>	<b>2,748,595</b>

#### 6 Other Current Liabilities

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Current maturities of long term loans (Refer note.4A)	-	1,532,743
Unpaid dividends	2,666,912	2,693,653
Advance from customers	2,517,587	961,781
Statutory dues Payable	690,142	996,162
Other Payable	-	589,843
<b>TOTAL</b>	<b>5,874,641</b>	<b>6,774,182</b>

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

#### 7 Short Term Provisions

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Provision for employee benefits</b>		
For Leave Encashment	22,865	916,199
For Gratuity	-	-
For Bonus	165,510	186,650
<b>Others</b>		
For Proposed Dividend	1,050,000	1,050,000
For Current Tax (net)	558,989	-
For Tax on Proposed Dividend	178,448	178,448
For Outstanding Expenses	258,007	-
<b>TOTAL</b>	<b>2,233,819</b>	<b>2,331,297</b>

#### 8 FIXED ASSETS

(Amount in Rs.)

PARTICULARS	Gross Block				Depreciation & Amortisation				Net Block	
	As at 01.04.2013	Addition during the year	Deduction during the year	As at 31.03.2014	Upto 31.03.2013	Adj.on A/c of Sales of Assets	Provided for the year	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>LAND &amp; BUILDING</b>										
Land	52001	0	0	52001	0	0	0	0	52001	52001
Factory Building	4523604	0	0	4523604	940617	0	124461	1065078	3458526	3582987
Other Civil Construction	992737	0	0	992737	288553	0	14535	303087	689650	704184
Road and Service	63308	0	0	63308	55500	0	390	55890	7418	7808
Tube Well	26316	0	0	26316	16032	0	514	16546	9770	10284
<b>FURNITURE &amp; FIXTURE</b>										
Furniture, Fixture, Fittings	249594	0	0	249594	178928	0	6160	185088	64506	70666
<b>PLANT &amp; MACHINERY</b>										
Plant and machinery	49458237	2792378	96645	52153970	28848470	35662	3377722	32190530	19963440	20609767
Laboratory Equipment	0	0	0	0	0	0	0	0	0	0
Electrical installation	1634059	0	0	1634059	676125	0	69575	745700	888359	957934
Air conditioner & water cooler	739056	46200	62820	722436	458019	36319	34872	456573	265863	281037
Factory Equipment	68493	0	0	68493	64902	0	593	65495	2998	3591
Office Equipment	525936	0	0	525936	39696	0	24982	64678	461258	486240
Vehicle	11909370	0	5256918	6652452	3262641	1032591	631983	2862033	3790419	8646729
Tempo	932818	264343	124140	1073021	526205	107628	97113	515690	557331	406613
Computer	921546	12500	92052	841994	751980	92052	64096	724024	117970	169566
<b>INTANGIBLE ASSETS</b>										
Computer Software	140400	0	0	140400	140400	0	0	140400	0	0
<b>TOTAL</b>	<b>72237475</b>	<b>3115421</b>	<b>5632575</b>	<b>69720321</b>	<b>36248068</b>	<b>1304252</b>	<b>4446996</b>	<b>39390812</b>	<b>30329509</b>	<b>35989407</b>
<b>PREVIOUS YEAR TOTAL</b>	<b>61527138</b>	<b>12653215</b>	<b>1942878</b>	<b>72237475</b>	<b>33175705</b>	<b>1385196</b>	<b>4457559</b>	<b>36248068</b>	<b>35989407</b>	<b>28351433</b>

#### 9 Long Term Loans And Advances

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Unsecured considered good</b>		
Capital Advances	-	1,100,000
Security Deposits	715,205	656,905
Deposit Other then Banks	90,000,000	-
Balance With Statutory Authorities	21,888,961	15,266,419
<b>TOTAL</b>	<b>112,604,166</b>	<b>17,023,324</b>



**Gujarat Automotive Gears Limited**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

(Amount in Rs.)

**10 Inventories**

Particulars	As at 31st March, 2014	As at 31st March, 2013
Raw Material	1,952,807	1,295,412
Work - In - Process	15,409,752	11,630,418
Finished Goods	4,347,131	5,707,885
Goods in Transit	3,786,920	-
Raw Material Components	4,075,604	7,561,927
Stores and Spares parts and packing Material	1,219,757	1,656,837
Scrap	268,230	1,307,908
<b>TOTAL</b>	<b>31,060,201</b>	<b>29,160,387</b>

**11 Trade Receivables**

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Unsecured, considered good</b>		
Debts outstanding for a period exceeding six Months from the date they are due for payment	-	-
Other debts - (less than six months)	51,566,440	40,977,604
<b>TOTAL</b>	<b>51,566,440</b>	<b>40,977,604</b>

**12 Cash and Bank Balances**

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Cash &amp; Cash Equivalents</b>		
Balances with Banks :		
Current Accounts	4,206,246	8,672,294
Cash on hand	31,681	39,280
<b>Other Bank Balances</b>		
Term Deposits	4,030,000	51,007,572
(original maturity of more than 3 months) (Includes paid as Margin Money Rs 30,000 (P.Y.4,34,716))	2,666,912	2,693,653
Dividend Accounts		
<b>TOTAL</b>	<b>10,934,839</b>	<b>62,412,799</b>

**13 Short Term Loans and Advances**

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Unsecured considered good</b>		
Advance to Creditors	1,112,615	336,129
Advances recoverable in cash or in kind	184,999	614,481
<b>TOTAL</b>	<b>1,297,614</b>	<b>950,610</b>

**14 Other Current Assets**

(Amount in Rs.)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Interest Accrued	2,878,866	-
<b>TOTAL</b>	<b>2,878,866</b>	<b>-</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>15 Revenue from operations</b>		
Sale of Products	296,930,041	248,750,941
Processing Charges	396,056	709,631
<b>Other operating revenues</b>		
Scrap Sales	2,017,524	940,680
<b>Revenue from operations (Gross)</b>	<b>299,343,621</b>	<b>250,401,252</b>
Less : Excise Duty	13,046,342	9,391,644
<b>Revenue from operations (Net)</b>	<b>286,297,279</b>	<b>241,009,608</b>

**16 Other Income**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Interest Income	6,504,491	4,078,078
Other Miscellaneous Income	-	2,229
Foreign exchange Fluctuation	7,007,395	3,244,462
Profit/(Loss) on sale/discard of fixed assets	-	173,818
Insurance Claim Received	-	1,500,000
<b>TOTAL</b>	<b>13,511,886</b>	<b>8,998,587</b>

**17 Cost of raw materials and components consumed**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>Raw Material - Steel &amp; others</b>		
Opening stock	1,295,412	3,053,604
Add: purchases during the year	75,904,926	62,592,204
less: closing stock	(1,952,807)	(1,295,412)
	<b>75,247,531</b>	<b>64,350,396</b>
<b>Raw Material Component</b>		
Opening stock	7,561,927	11,480,724
Add: purchases during the year	68,757,466	47,186,502
less: closing stock	(4,075,604)	(7,561,927)
	<b>72,243,789</b>	<b>51,105,299</b>
<b>Packing Materials</b>		
Opening stock	303,681	310,175
Add: purchases during the year	12,172,945	10,105,747
less: closing stock	(196,705)	(303,681)
	<b>12,279,921</b>	<b>10,112,241</b>
<b>TOTAL</b>	<b>159,771,241</b>	<b>125,567,936</b>



**Gujarat Automotive Gears Limited**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

(Amount in Rs.)

**18 Increase Decrease in Inventories of Finished Goods and Semi finished goods**

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>Opening Stock</b>		
Finished Goods	5,707,885	5,828,345
Semi Finished Goods	11,630,418	17,714,928
Scrap	1,307,908	1,162,996
<b>Total</b>	<b>18,646,211</b>	<b>24,706,269</b>
<b>Closing Stock</b>		
Finished Goods	4,347,131	5,707,885
Goods In Transit	3,786,920	-
Semi Finished Goods	15,409,752	11,630,418
Scrap	268,230	1,307,908
	<b>23,812,033</b>	<b>18,646,211</b>
<b>Increase/(Decrease)</b>	<b>5,165,822</b>	<b>(6,060,058)</b>

**19 Employee benefits expense**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Salaries and Wages (Including Bonus and Gratuity, leave encashment)	21,714,503	15,694,908
Contribution to Provident and other Funds	354,460	349,098
Workmen and Staff Welfare Expenses	166,898	294
<b>TOTAL</b>	<b>22,235,861</b>	<b>16,044,300</b>

**20 Finance Costs**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Interest to banks	238,734	407,159
Interest -Others	92,807	17,762
<b>TOTAL</b>	<b>331,541</b>	<b>424,921</b>

**21 Other expenses**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Power & Fuel	4,013,434	3,890,451
Freight Inward and Octroi	1,896,684	1,551,376
Consumption of Stores and Spares	4,523,122	2,039,575
Processing Charges	10,227,652	10,438,899
Excise Duty on finished goods (net)	(264,056)	2,689
<b>Repairs and Maintenance</b>		
Buildings	500,001	329,627
Plant and Machinery	3,962,560	452,722
Others	131,643	315,522

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

(Amount in Rs.)

**21 Other expenses (Contd...)**

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Fumigation Charges	252,980	304,643
Director Sitting Fees	69,000	42,000
Laboratory Charges	17,020	20,575
Payment of Government Duties	1,561,118	1,453,177
Insurance	1,997,719	1,353,565
Rates and Taxes	281,591	117,721
Travelling and conveyance	3,934,061	5,151,992
Advertisement and Sales Promotion	1,285,497	44,253
Postage, telephone and Communication expenses	378,534	463,249
Printing and Stationery	361,355	238,256
Freight Outward	4,767,341	4,718,655
Commission and Discount	1,405,238	1,105,993
Loss on sale / discard of Fixed Assets	3,081,624	-
Vehicle Running and maintenance	1,689,940	1,440,521
Legal and Professional fees	1,834,534	577,288
Fees & Subscription	394,727	408,661
Bank Charges	537,460	465,778
Rent	120,000	-
<b>TOTAL</b>	<b>48,960,779</b>	<b>36,927,188</b>

**22 Contingent liability and Commitments**

(Amount in Rs.)

Contingent liability not provided for:	31.3.2014	31.3.2013
Bank Guarantee	26,495	-
Disputed Income tax Liabilities	95,679	677,053
Capital Commitments (net of advances)	-	1,140,000

23 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.

**24 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**

(Amount in Rs.)

Geographic Location	31.3.2014	31.3.2013
USA	4,614,356	10,970,822
Europe	232,369,475	186,476,308
Gulf Countries	27,227,903	17,707,290
Far East	11,782,648	11,859,918
Sri Lanka	928,038	4,382,953
Others	6,961,279	7,962,006
<b>Total</b>	<b>283,883,699</b>	<b>239,359,297</b>

Other income is generated only in India. All assets of the company except the debtors of Rs.48,721,991/- (P.Y. Rs.39,178,605/-) are within India.



## Gujarat Automotive Gears Limited

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

25 The break up of deferred tax assets and liabilities is as under: (Amount in Rs.)

Deferred Tax:	As on 1.4.2013	Current Year	As on 31.3.2014
Deferred Tax Assets on Account of			
(i) Employee Benefit	919,531	(889,857)	29,674
<b>Total</b>	<b>919,531</b>	<b>(889,857)</b>	<b>29,674</b>
Deferred Tax Liability on Account of			
(i) Depreciation	3,120,552	(982,243)	2,138,309
<b>Total</b>	<b>3,120,552</b>	<b>(982,243)</b>	<b>2,138,309</b>
<b>Net Deferred Tax Assets/(Liability)</b>	<b>(2,201,021)</b>	<b>92,386</b>	<b>(2,108,635)</b>

26 Earning per Share (Amount in Rs.)

Particulars	31.03.2014	31.03.2013
Profit after tax	46,458,067	40,790,149
No. of shares	1,750,000	1,750,000
Nominal value per share in rupees	2	2
<b>Basic and diluted earning per share</b>	<b>26.55</b>	<b>23.31</b>

27 Related Party Disclosures (Amount in Rs.)

Key Management Personnel	31.03.2014	31.03.2013
Payment of Managerial Remuneration		
Mr. Naresh Kothari, Managing Director (Till 12.09.13)	8,440,002	2,239,335
Mr. Niranjana P Unadkat, Whole Time Director (Till 12.09.13) (includes payment of gratuity and leave encashment)	5,485,248	991,218
Other : Relative of Key Management Personnel		
Payment of Sitting Fees		
Smt Tejas Kothari, Director	9,000	9,000
Enterprise having significant influence		
HIM Teknoforge Limited		
Purchase of material	7,913,329	-
Inter Corporate deposit Given	90,000,000	-
Interest on deposit receivable	2,878,866	-
Balance Outstanding		
Mr. Naresh Kothari, Managing Director	-	170,000
Mr. Niranjana P Unadkat, Whole Time Director	-	80,000
HIM Teknoforge Limited		
ICD Receivable	90,000,000	-
Interest Receivable	2,878,866	-
Payable against Purchases	7,672,534	-

28 Managerial Remuneration (Amount in Rs.)

Particulars	31.03.2014	31.03.2013
Salary	1,339,285	2,960,000
Contribution to Provident and other funds	4,680	18,720
Perquisites	12,960	251,833
<b>Total</b>	<b>1,356,925</b>	<b>3,230,553</b>

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.

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

29 Auditor's Remuneration (Amount in Rs.)

Particulars	31.03.2014	31.03.2013
Audit Fees	200,000	200,000
Tax Audit fees	50,000	50,000
Other Matters	78,000	10,000
Reimbursement of expenses	55,638	24,238

30 Employee Benefits  
a) Defined benefit plans as per actuarial valuation on: (Amount in Rs.)

PARTICULARS	Gratuity Funded	
	31.03.2014	31.03.2013
<b>I Expenses recognized in the statement of profit &amp; Loss for the year ended</b>		
1 Current Service Cost	63,629	83,183
2 Interest Cost	225,913	217,420
3 Employee Contribution	-	-
4 Expected Return on Plan Assets	(183,781)	(274,980)
5 Net Actuarial ( Gain/ Losses )	20,230	(12,670)
6 Past Service Cost	-	-
7 Settlement Cost	-	-
8 Total Expenses	125,991	12,953
<b>II Net Asset/ Liability recognized in the Balance Sheet As at</b>		
1 Present Value of Defined Benefit Obligation	926,809	2,823,917
2 Fair Value of Plan Assets	1,164,108	3,162,526
3 Funded status [ Surplus / (Deficit)]	237,299	338,609
4 Net Assets/(liability)	237,299	338,609
<b>III Change in Obligation During the year Ended</b>		
1 Present Value of Defined Benefit Obligation at beginning of the year	2,823,917	2,717,744
2 Current Service cost	63,629	83,183
3 Interest Cost	225,913	217,420
4 Settlement Cost	-	-
5 Past Service Cost	-	-
6 Employee contribution	-	-
7 Actuarial (Gain) / Losses	20,230	(12,670)
8 Benefits Payments	(2,206,880)	(181,760)
9 Present Value of Defined Benefit obligation at the end of the year	926,809	2,823,917
<b>IV Change in Assets During the year ended</b>		
1 Plan Assets at the Beginning of the year	3,162,526	3,047,811
2 Assets acquired on amalgamation in previous year	-	-
3 Settlements	-	-
4 Expected return on plan assets	183,781	274,980
5 Contribution By Employer	24,671	21,495
6 Actual Benefits Paid	(2,206,880)	(181,760)
7 Actuarial (Gain)/Losses	-	-
8 Plan Assets at the end of the year	1,164,098	3,162,526
9 Actual return on plan assets	183,781	274,980
<b>V The major categories of plan Assets as a percentage of total plan</b>		
Qualifying Insurance Policy	100%	100%
<b>VI Actuarial Assumption</b>		
Discount Rates	8%	8%
Salary Escalation	7%	7%





**Gujarat Automotive Gears Limited**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

b) Provision towards Liabilities For Leave Encasement made on the Basis of Actuarial Valuation as per Accounting Slandered 15(Revised). Actuarial Value of Liabilities at the year end is Rs 91,458/- (P.Y. 36,64,794) based upon following assumption. Expenses provided in the profit and loss account is Rs. 91458 (P.Y. Rs.5,894)

	31.03.2014	31.03.2013
Discount Rates	8%	8%
Salary Escalation	7%	7%

31 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.

32 Particulars of Unhedged foreign currency exposure as at balance sheet date (Amount in Rs.)

Particulars	31.03.2014	31.03.2013
Export Debtors (Net of Advances)	48,721,991	39,178,605
Import Creditors	703,576	-

33 A Value of imported and indigenous raw materials, stores and components consumed (Amount in Rs.)

Particulars	31.03.2014		31.03.2013	
	Value	%	Value	%
<b>Raw Material</b>				
Imported	-	0.00%	1,246,210	1.94%
Indigenous	75,247,531	100.00%	63,104,186	98.06%
<b>Total</b>	<b>75,247,531</b>	<b>100.00%</b>	<b>64,350,396</b>	<b>100.00%</b>
<b>Stores/Components</b>				
Imported	16,254,687	21.17%	7,327,895	13.79%
Indigenous	60,512,224	78.83%	45,816,979	86.21%
<b>Total</b>	<b>76,766,911</b>	<b>100.00%</b>	<b>53,144,874</b>	<b>100.00%</b>

B Details of Foreign exchange earned and spent during the year

- i) F.O.B. Value of Export Rs. 27,69,22,420/- (Previous Year: Rs.23,13,97,291/-)
- ii) Foreign Exchange spent on expenses equivalent in Indian currency: foreign travelling Rs. 12,74,759 (Previous Year: 16,90,140), commission Rs. 6,50,360 (Previous Year: 8,47,203), Imported Components Rs. 89,26,792 (Previous Year: 74,26,311), Bank Charges Rs. 3,24,594 (Previous Year: 2,59,072), Sales Promotion Rs. 11,27,668 (Previous Year: Nil), Imported Raw Material Rs Nil (Previous Year :1246210)

34 Trade receivables, trade payables and loans and advances are subject to confirmation and reconciliation, if any.

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

For Kanu Doshi Associates  
Chartered Accountants  
FRN: 104746W

On behalf of the Board

Rajiv Aggarwal  
Managing Director

Ravikant Dhawan  
Director

Place:- Baroda  
Date :- 14.05.2014

Manoj Kumar Pati  
Partner  
M.No. 504536

Place:- Mumbai  
Date :- 15.05.2014



**GUJARAT AUTOMOTIVE GEARS LIMITED**

(CIN: L29130GJ1971PLC001866)

**ATTENDANCE CARD**

I/We

Folio No.	
D.P. I.D.	
Client I.D.	

hereby record my/our presence at the FORTY THIRD ANNUAL GENERAL MEETING of the company held at registered office of the company at Village Billanwall, Baddi-173205 Distt. Solan(HP) on Saturday, 20th September 2014 at 11.30AM.

Signature of the member/proxy/representative attending the meeting \_\_\_\_\_

- Notes : (i) Please handover this Attendance Card at the entrance to the place of meeting.  
(ii) Only Members and in their absence, duly appointed proxies will be allowed for the meeting. Please avoid bringing non-members/children to the meeting.



**GUJARAT AUTOMOTIVE GEARS LIMITED**

(CIN: L29130GJ1971PLC001866)

REGISTERED OFFICE: VILLAGE BILLANWALL, BADDI-173205 DISTT. SOLAN(HP)

E-mail ID: gujarat.gears@gagl.net, gujarat.gears@gmail.com

FORTY THIRD ANNUAL GENERAL MEETING

Saturday, 20th September 2014 at 11.30 AM. (DAY, DATE & TIME)

**PROXY FORM**

I/We, being the member(s), holding \_\_\_\_\_ shares of the above named Company, hereby appoint:

- (1) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her
- (2) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her
- (3) Name \_\_\_\_\_ Address \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Forty Third Annual General Meeting of the Company, to be held on Saturday, 20th September 2014 at 11.30 a.m. at registered office of the company at Village Billanwall, Baddi-173205 Dist Solan(HP), INDIA and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of Accounts		
2.	Declaration of dividend on equity shares		
3.	Appointment of Statutory Auditors		
<b>Special Business</b>			
4.	Appointment of Mr. Rajiv Aggarwal as Director		
5.	Appointment of Mr. Rajendra Prasad Sinha as Director		
6.	Appointment of Mr. Ravikant Dhawan as Director		
7.	Appointment of Mr. Ankit Jain as Independent Director		
8.	Special Resolution for appointment of Mr. Rajiv Aggarwal as Managing Director		
9.	To borrow money exceeding paid up capital and free reserve.		
10.	To mortgage/charge properties of the company to secure borrowing		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Member's Folio/ DP ID- Client ID No. \_\_\_\_\_

Signature of shareholder(s) \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
Stamp  
Re. 1/-

- Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the company, not less than 48 hours before the commencement of the Meeting.  
2. For the resolutions, explanatory statement and notes, please refer to the notice of Forty Third Annual General Meeting.  
3. It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.  
4. Please complete all details including details of member(s) in above box before submission.

