

GUJARAT AUTOMOTIVE GEARS LIMITED



DIRECTORS

Mr. Naresh Kothari	-	Chairman & Managing Director
Mr. Niranjan Unadkat	-	Whole Time Director
Mrs. T.N. Kothari	-	Director
Mr. A.H. Patel	-	Director
Mr. M.D. Patel	-	Director
Mr. D.C. Daftari	-	Director

AUDITORS

M/s. KANU DOSHI ASSOCIATES, MUMBAI

REGISTERED OFFICE & FACTORY

KALALI, VADODARA - 390 012.



GUJARAT AUTOMOTIVE GEARS LIMITED



NOTICE

NOTICE is hereby given that the Thirty Nine Annual General Meeting of the members of Gujarat Automotive Gears Limited will be held at the Registered Office of the Company at KALALI, VADODARA -390 012 on 4th , September, 2010 at 10.00 a.m. to transact the Following business:

Ordinary business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the Year ended on that day and the Directors' and the Auditor's Report thereon.
2. To declare Dividend, if any
3. To appoint a Director in place of Mr D C Daftari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs Tejas Kothari who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint auditors to hold office until the conclusion of the next annual general meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

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

[i] **Salary:**

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

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

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

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



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

- [iv] Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- [v] Provision of car with driver for use on Company's business and telephone at residence will not be considered as perquisites/remuneration. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the individual appointee concerned.

COMMISSION:

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

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

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

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

By Order of the Board
NARESH KOTHARI
Chairman & Managing Director

NOTES :

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

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

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

Item No.6

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

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

General Information:

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

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

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

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

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



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

3. Other Information :

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

4. Disclosures:

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

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

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

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

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DIRECTORS' REPORT

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

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

OPERATIONS:

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

Focus on export sales with regular visits to existing customers has lead to increase in volumes as well as better realization and also tapping of new markets has resulted in higher percentage of export sales which will be continued.



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Director's Responsibility Statement: Your Board States that

- I) In the preparation of the annual account for the year ended on 31st March, 2010 the applicable, accounting standards had been followed and there had been no material departures from the said standard.
- II) The directors had selected such accounting policies and applied it consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2010 and of the profits of the company for the year ended on that day.
- III) The directors had taken proper and sufficient care for the maintenance and adequate accounting statement in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The directors had prepared annual accounts for the year ended 31st March 2010 On a going concern basis.

DIVIDEND:

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

DIRECTORS:

Mr D C Daftari and Mrs. Tejas Kothari shall retire pursuant to Article 132 of the Articles of Association of the Company and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES:

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

PUBLIC DEPOSITS:

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

AUDITORS' REPORT:

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

AUDITORS:

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

SECRETARIAL COMPLIANCE CERTIFICATE:

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

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the Provision of section 383A(1) of the companies Act,1956 is annexed herewith.

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

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

ACKNOWLEDGEMENT:

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

for and on behalf of the Board
Naresh Kothari
Chairman & Managing Director

Place : Kalali, VADODARA.
Date : 1-05-2010



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ANNEXURE - 'A'

INFORMATION AS REQUIRED UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

I. CONSERVATION OF ENERGY :

- | | |
|--|------|
| a) Energy conservation measures taken : | N.A. |
| b) Additional investments and proposals, if any, being implemented for reduction of energy : | N.A. |
| c) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods. | N.A. |
| d) Total energy consumption per unit of production as per prescribed Form-A. | N.A. |

II. TECHNOLOGY ABSORPTION :

Efforts made in Technology Absorption as per Form-B

FORM - B

1) Research & Development (R&D)

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

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- 2) Technology absorption, adaption and innovation :**
- a) Efforts, in brief made towards technology absorption, adaption and innovation None
 - b) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.
 - c) In case of imported technology, imported during the last 5 years reckoned from the beginning of the financial year, following information may be furnished :
 - 1. Technology imported
 - 2. Year of import
 - 3. Has technology been fully absorbed ? Not applicable
 - 4. If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action

FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports initiative taken to increase exports, development of new export markets for products and services and export plans :
Export sales has increased substantially due to regular followup visits to various markets, also visit fairs and exhibition for new customers product development.
- b) Total foreign exchange used | Rs. 38.74 Lacs
P. Y. (Rs. 36.38 Lacs)
- c) Total foreign exchange earned | Rs. 1371.79 Lacs
P. Y (Ind. Rs. 1225.84 Lacs)



GUJARAT AUTOMOTIVE GEARS LIMITED

Dinesh Mehta & Co.,
Company Secretaries.

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

COMPLIANCE CERTIFICATE

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

We have examined the registers, records, books and papers of Gujarat Automotive Gears Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010 (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 five times respectively on 29.05.09, 07.07.09, 12.10.09, 09.01.2010 and 22.02.2010 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 31.08.2009 to 05.09.2009 and necessary Compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31st March 2009 was held on 05.09.2009 after giving due notice to the members of the company and the resolutions passed there were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

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9. The company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The company has issued duplicate certificates during the financial year.
13. (a) The Company has:
 - i) delivered all the certificates on lodgment thereof for transfer /transmission or any other purpose in accordance with the provisions of the Act.
 - ii & iii) deposited the amount of dividend in a separate Bank Account in Bank within 5 days from the date of declaration and also posted cheques within 30 days from the date of declaration of dividend during the Financial year.
 - iv) There was no outstanding amount in unpaid dividend account, application money amount due for refund, matured deposit, matured debenture and interest thereon which have remained unclaimed or unpaid for a period of seven years.
 - v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted. There was no appointment of additional director or alternate directors and directors to fill casual vacancy during the financial year.
15. The company has appointed Mr.Naresh Kothari as Managing Director u/s 269 read with schedule XIII of the Act during the year.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, right 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.



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

Place: VADODARA
Date : 20/04/2010

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

GUJARAT AUTOMOTIVE GEARS LIMITED



Annexure 'A'

Registers as maintained by Gujarat Automotive Gears Ltd.

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

Annexure B

Forms>Returns filed by Gujarat Automotive Gears Ltd. for the year ended 31.03.2010.

1. Balance sheet as at 31.03.2009 under Form No.23AC & 23ACA filed on 15.09.2009.
2. Annual return upto 05.09.2009 under Form No.20B filed on 22.09.2009.
3. Compliance Certificate for the year ended 31.03.2009 under Form No.66 filed on 15.09.2009.
4. Form No.17 filed on 17.02.2009.
5. Form No.23 filed on 11.03.2010.
6. Form No.25C filed on 03.04.2010.
7. Two Form No.17 filed on 15.05.2009.

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



GUJARAT AUTOMOTIVE GEARS LIMITED

AUDITORS' REPORT

To,
The Members of
GUJARAT AUTOMOTIVE GEARS LIMITED

1. We have audited the attached Balance Sheet of GUJARAT AUTOMOTIVE GEARS LIMITED as at 31st March 2010 the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and according to the information and explanations given to us during the course of the audit and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the directors, as on 31st March 2010, we report that none of the directors are disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

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- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

Place: MUMBAI
Date : 03-05-2010

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



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ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date on the accounts of GUJARAT AUTOMOTIVE GEARS LIMITED for the year ended 31st March 2010)

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) During the year, the Company has not carried out physical verification of assets. However, Company has phased programme of verification Fixed Asset, which is in our opinion adequate considering the size and nature of the company.
- (c) The Company has not disposed off a substantial part of the fixed assets during the year.
- (ii) (a) We are informed that the physical verification of inventory has been conducted during the year by the management at reasonable intervals.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification of inventory as compared to book records.
- (iii) The Company has not taken/granted any loans, secured or unsecured from/to Companies, firms, or other parties covered in the register maintained under section 301 of the Act. Hence sub clause (a), (b), (c), (d), (e), (f) and (g) of Clause (iii) of the order does not apply to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register to be required to be maintained under that section; and
- (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 Companies Act, 1956 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 prevailing market price at the relevant time.

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- (vi) The Company has not accepted any deposit from the public during the year.
- (vii) The Company has appointed a Chartered Accountant firm during the year for conducting internal audit. In our opinion, the overall scope of internal audit is adequate considering the size and nature of its business.
- (viii) We have been informed that the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth Tax, Service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) There are no dues pending of Income tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and cess on account of dispute except as stated below.

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

- (x) The company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- (xiv) The Company is not dealing in shares, securities, debentures, and other investment and hence the question of maintaining records does not arise.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.



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- (xvi) The Company has not taken any term loan during the year.
- (xvii) The company has not raised any short term funds during the year.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) The company has not issued debentures during the financial year and hence, the question of creating securities or charge in respect thereof does not arise.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) On the basis of our examination and according to the information and explanation given to us, no fraud, on or by the Company, has been noticed or reported during the course of our audit.

Place: MUMBAI
Date : 03-05-2010

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

GUJARAT AUTOMOTIVE GEARS LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS :			
Share Capital	A	3500000	3500000
Reserves and Surplus	B	<u>43115834</u>	<u>30942449</u>
Total Shareholders' Funds		<u>46615834</u>	<u>34442449</u>
LOAN FUNDS :			
Secured Loans	C	0	9054014
Deferred tax (Refer note no 6 of Sch-O)		<u>1264655</u>	<u>1406047</u>
		<u>1264655</u>	<u>10460061</u>
	Total	<u>47880489</u>	<u>44902510</u>
APPLICATION OF FUNDS			
FIXED ASSETS:			
Gross Block	D	47437928	49075042
Less : Depreciation		<u>30256025</u>	<u>29046589</u>
Net Block		<u>17181903</u>	<u>20028453</u>
CURRENT ASSETS, LOANS & ADVANCES:			
(a) Inventories	E	22448378	16775782
(b) Sundry Debtors		21481936	11138614
(c) Cash & Bank Balances		8663898	3444168
(d) Loans & Advances		<u>7409029</u>	<u>8884495</u>
		<u>60003241</u>	<u>40243060</u>
Less: Current Liabilities & Provisions:	F		
(a) Current Liabilities		28080262	14140553
(b) Provision		<u>1224392</u>	<u>1228448</u>
Net Current assets		<u>30698588</u>	<u>24874059</u>
	Total	<u>47880489</u>	<u>44902510</u>
	O		

NOTES TO ACCOUNTS

As per our attached report of even date

for **KANU DOSHI ASSOCIATES**
Chartered Accountants
Mihir Hindocha
Partner

Place :- MUMBAI
Date :- 03-05-2010

On behalf of the Board

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

Place :- VADODARA
Date :- 01-05-2010



GUJARAT AUTOMOTIVE GEARS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year Ended 31-3-2010 Rs	Year Ended 31-3-2009 Rs
INCOME			
Sales and process charges (Gross)	G	150600141	135946064
Less: Excise Duty		(6253039)	(7799581)
Sales and process charges (Net)		144347102	128146483
Other Income	H	(1080725)	4126084
Increase + /Decrease - in Stock	I	3163063	(492148)
	Total	146429439	131780418
EXPENDITURE			
Manufacturing Expenses	J	98538496	86227373
Personnel Expenses	K	10638315	9646001
Selling & Distribution expenses	L	4856843	4466606
Administrative Expenses	M	8250032	8183271
Interest	N	444609	2714752
Depreciation		2731865	2717404
	Total	125460160	113955406
PROFIT/(LOSS) BEFORE TAX		20969279	17825012
Provision for taxation		7450000	5533000
Provision for Deferred Tax Assets (Refer Note No 6 of Sch.)		(141392)	606845
Provision for Fringe Benefit Tax		0	253078
Short Provision of tax of earlier years		262894	0
PROFIT/(LOSS) AFTER TAX	Total	13397777	11432089
Profit/(Loss) after tax for Appropriation		13397777	11432089
Add : Profit brought forward		24884711	15824279
		38282488	27256368
APPROPRIATION			
Transferred to General Reserve		1339778	1143209
Proposed Dividend		1050000	1050000
Income tax on dividend		174392	178448
PROFIT CARRIED FORWARD TO BALANCE SHEET	Total	35718318	24884711
<hr/>			
Earning Per Share	Basic -	38.28	32.66
	Diluted - (Refer Note No. 7 of Schedule-O)	38.28	32.66

NOTES TO ACCOUNTS

As per our attached report of even date

On behalf of the Board

for **KANU DOSHI ASSOCIATES**

Chartered Accountants

Mihir Hindocha

Partner

Place :- MUMBAI

Date :- 03-05-2010

Naresh Kothari

Chairman & Managing Director

N P Unadkat

Whole Time Director

M. D. Patel

Director

Place :- VADODARA

Date :- 01-05-2010

GUJARAT AUTOMOTIVE GEARS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
A SHARE CAPITAL		
Authorised		
4,25,000 Equity Shares of Rs. 10/- each	4250000	4250000
7,500 9.5 % Cumulative Redeemable Preference Shares of Rs. 100/- each	750000	750000
5,00,000 Unclassified Shares of Rs. 10/- each	5000000	5000000
	<u>10000000</u>	<u>10000000</u>
Issued, Subscribed & Fully Paid up:		
3,50,000 Equity Shares of Rs. 10/- each	<u>3500000</u>	<u>3500000</u>
B RESERVES AND SURPLUS		
General Reserve as per last Balance Sheet	6057738	4914529
Add : Transferred from Profit & Loss Account	1339778	1143209
Total General Reserve	<u>7397516</u>	<u>6057738</u>
Profit & Loss Account	<u>35718318</u>	<u>24884711</u>
	<u>43115834</u>	<u>30942449</u>
C SECURED LOANS (From Bank)		
1) Cash Credit	0	4718569
2) From Others Deferred credit	0	4335445
	<u>0</u>	<u>9054014</u>



GUJARAT AUTOMOTIVE GEARS LIMITED

SCHEDULE - D FIXED ASSETS

Sr. No.	Particulars	Gross Block			
		As at 01-04-2009	Addition during the year	Deduction during the year	As at 31-03-2010
1	LAND & BUILDING				
	Land	96129	-	-	96129
	Factory Building	892895	-	-	892895
	Other Civil Construction	992737	-	-	992737
	Road and Service	63308	-	-	63308
	Tube Well	26316	-	-	26316
2	FURNITURE & FIXTURE				
	Furniture, Fixture, Fittings	262545	-	60468	202077
3	PLANT & MACHINERY				
	Plant and machinery	36572548	643426	-	37215974
	Laboratory Equipment	51784	-	51784	--
	Electrical installation	723203	-	-	723203
	Air conditioner & water cooler	817224	-	33070	784154
	Factory Equipment	87595	-	19102	68493
	Office Equipment	440055	85168	166919	358304
	Vehicle	5804821	-	1649459	4155362
	Tempo	932818			932818
	Computer	1170664	78283	463189	785758
	INTANGIBLE ASSETS				
	Computer Software	140400	-	-	140400
	TOTAL	49075042	806877	2443991	47437928
	PREVIOUS YEAR TOTAL	40928760	8812163	665881	49075042

GUJARAT AUTOMOTIVE GEARS LIMITED



Depreciation			Net Block		
Upto 31-03-2009	Adj. on A/c of Sales of Assets	Provided for the Year	Upto 31-03-2010	As at 31-03-2010	As at 31-03-2009
-	-	-	-	96129	96129
844195	-	4870	849065	43830	48700
224856	-	15085	239941	752796	767881
53722	-	479	54201	9107	9586
13690	-	631	14321	11995	12626
202067	57745	12133	156456	45621	60478
23694160	-	1862815	25556976	11658998	12878388
51784	51784	-	-	-	-
512834	-	23992	536826	186377	210369
390464	28761	34311	396013	388141	426760
80846	19031	1310	63124	5369	6749
202808	79967	17797	140638	217666	237247
1637813	821952	546479	1362340	2793022	4167008
104198	-	105502	209700	723118	828620
892758	463189	106456	536026	249732	277906
140395	-	5	140400	0	5
29046589	1522429	2731865	30256025	17181903	20028453
26770494	441309	2717404	29046589	20028453	14158266



GUJARAT AUTOMOTIVE GEARS LIMITED

	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
E CURRENT ASSETS, LOAN & ADVANCES		
A. CURRENT ASSETS		
(I) INVENTORIES		
(Taken, valued and Certified by the Management)		
(1) Raw Material	2977588	1325052
(2) Semi-finished goods	11765763	7451643
(3) Finished goods	3391257	4773688
(4) Raw Material Components	1081185	500131
(5) Scrap	2052988	1821614
(6) Stores & Spares including packing material	1179597	903654
	<u>22448378</u>	<u>16775782</u>
(II) SUNDRY DEBTORS		
(Unsecured, considered Good)		
(1) Outstanding for a period exceeding six months	0	40604
(2) Others	21481936	11098010
	<u>21481936</u>	<u>11138614</u>
(III) CASH & BANK BALANCES		
(1) Cash on hand	135956	49919
(2) Balance with Scheduled bank in current a/c	8527942	3073027
(3) Balance with Scheduled bank in Fixed deposit a/c	0	307192
(4) Balance with Scheduled bank in Fixed deposit a/c (Margin Money)	0	14030
	<u>8663898</u>	<u>3444168</u>

GUJARAT AUTOMOTIVE GEARS LIMITED



	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
(B) LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received		
(1) Advance for Supplies & Services	651260	103636
(2) Deposits with Government, Public bodies and other Advances	405475	521264
(3) Central Excise	3654178	3673774
(4) Pre-paid expenses	241303	114247
(5) Payment of Income-tax (net)	90649	2705487
(6) Export Benefit Recievable	85000	634000
(7) Sales Tax Set Off Receivable	2266284	1132087
(8) Other Advance	14880	0
(9) Lic Group Gratuity	0	0
	<u>7409029</u>	<u>8884495</u>
	60003241	40243060
F CURRENT LIABILITIES & PROVISIONS		
A) LIABILITIES		
(1) Sundry Creditors (refer to Note No. 16 In Schedule 'O')	23086396	9834325
(2) Other Liabilities	4723794	4180754
Investor Education and Protection Fund shall be credited by the following (See Note below)		
(3) Unclaimed Dividend	<u>270071</u>	<u>125474</u>
Note : Amount to be transferred to said fund shall be determined on the respective due dates.	28080262	14140553
(B) PROVISIONS		
(1) Proposed Dividend	1050000	1050000
(2) Income Tax On Dividend	174392	178448
	<u>1224392</u>	<u>1228448</u>
G INCOME		
Sales & Process charges		
1. Sales	144057957	127994433
2. Process Charges	289145	152050
Add: Excise Duty	6253039	7799581
	<u>150600141</u>	<u>135946064</u>



GUJARAT AUTOMOTIVE GEARS LIMITED

	Year Ended 31-3-2010 Rs.	Year Ended 31-3-2009 Rs.
H OTHER INCOME		
1. Scrap Sales	201840	329780
2. Excess Provision Written back	8198	0
3. Foreign Exchange Fluctuation	(2196019)	3092429
4. Interest Received	306400	44112
5. Misc. Income	570815	0
6. Export Benefit Recieved	284602	634000
7. Loss on Sales/Descared of Assets	(256562)	25763
	<u>(1080725)</u>	<u>4126084</u>
I INCREASE(+)/DECREASE(-) IN STOCK		
OPENING STOCK :		
Finished Goods	4773688	3688565
Semi-Finished goods	7451643	9733905
Scrap	<u>1821614</u>	<u>1116624</u>
	<u>14046945</u>	<u>14539093</u>
Less : CLOSING STOCK :		
Finished Goods	3391257	4773688
Semi-Finished goods	11765763	7451643
Scrap	<u>2052988</u>	<u>1821614</u>
	<u>17210008</u>	<u>14046945</u>
	<u>3163063</u>	<u>(492148)</u>
J MANUFACTURING EXPENSES		
Raw material consumed	51611385	45075667
Raw material Components consumed	25495097	21239504
Stores & spares consumed	1713244	2941323
Packing material consumed	4496403	3755280
Process charges	10076195	7879963
Power & Fuel Consumed	2610589	2345769
Repair to Plant & Machinery	1041583	1218848
Repairs to Building	99099	964613
Repairs to others	86360	192899
Excise Duty on Finished Goods (Net)	6311	(106775)
Freight Inward & Octroi	762929	404207
Fumigation charges	238460	0
Laboratory Testing Charges	10545	0
Import Duty	<u>290296</u>	<u>316075</u>
	<u>98538496</u>	<u>86227373</u>

GUJARAT AUTOMOTIVE GEARS LIMITED



	Year Ended 31-3-2010 Rs.	Year Ended 31-3-2009 Rs.
K PERSONNEL EXPENSES		
Salary, Wages & Gratuity (including - provision for bonus & gratuity)	10370551	9368533
Contribution to Provident & other funds	259560	271074
Employees Welfare Expenses	8204	6394
	<u>10638315</u>	<u>9646001</u>
L SELLING AND DISTRIBUTION EXPENSES		
Freight outwards	3728847	3119096
Commission & Discount	1086569	1321593
Advertisement	41427	26482
Sales Promotion	0	(565)
	<u>4856843</u>	<u>4466606</u>
M ADMINISTRATIVE EXPENSES		
Insurance	437355	471102
Rates & Taxes	157627	303601
Postage, Telephone & Telegram	418268	406977
Printing & Stationery	246520	250470
Vehicle Running & Maintenance	995613	1101870
Travelling & Conveyance	4697482	3480360
Directors' Sitting Fees	7500	8500
Sundry Expense	241686	316520
Bad Debts	0	24458
Legal & Professional Fees	226165	382778
Payment to Government	223822	262783
Auditors' remuneration	123154	59913
Bank & Finance charges	474840	1113939
	<u>8250032</u>	<u>8183271</u>
N INTEREST		
Bank	0	1542093
Directors	0	385071
Others	444609	787588
	<u>444609</u>	<u>2714752</u>



GUJARAT AUTOMOTIVE GEARS LIMITED

O. NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

A) ACCOUNTING: -

- (i) 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.
- (ii) Financial statements are based on historical cost and are prepared on accrual basis except otherwise stated.

B) USE OF ESTIMATE

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

C) FIXED ASSETS: -

Fixed assets are stated at cost less accumulated depreciation. In respect of Fixed assets acquired under deferred payment schemes, the cost is exclusive of Interest.

D) DEPRECIATION: -

- i. Depreciation on fixed assets brought into use after 31st March, 1995 is calculated on the straight line method, whereas for assets brought into use before 31st March, 1995, it is computed on written down value method. In either case, depreciation has been provided at the rates prescribed under Schedule XIV of the Companies Act, 1956.
- ii. In respect of assets acquired/sold during the year, depreciation is provided on a Pro-rata basis with reference to the period for which the 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.

E) SALES: -

Sales are shown exclusive of Excise and Sales tax.

F) EMPLOYEE BENEFITS: -

(I) GRATUITY: -

Defined Benefit obligation plants – 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.

(II) LEAVE SALARY: -

Provision for leave encashment is based on actuarial valuation of the liability arising on cessation/termination of service of the employee.

GUJARAT AUTOMOTIVE GEARS LIMITED



- G) EXPORT BENEFITS: -**
Export benefits are accounted for on mercantile basis.
- H) EXCISE DUTY: -**
Liability for excise duty is provided in the accounts for goods manufactured and lying in factory premises at year end.
- I) CENVAT: -**
CENVAT benefit is accounted for on accrual basis on purchase of materials and appropriated against payment of excise duty on clearance of finished goods.
- J) FOREIGN CURRENCY TRANSACTIONS: -**
- Transactions in foreign exchange are accounted for at the exchange rate prevailing on the date the transaction takes place. Gains and losses arising out of fluctuations in the exchange rates are accounted for at the year end or on realization.
 - Monetary items denominated in foreign currencies at the balance sheet date are translated at the balance sheet date rates.
- K) STOCK IN TRADE: -**
- 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.
 - Finished goods are valued at cost or market value whichever is Lower. Cost is arrived at on full absorption basis.
 - Scrap is valued at estimated net realizable value.
 - Stock of stores, spares and packing materials are valued at cost or Net Realizable Value, Whichever is lower.
- L) Provision for Tax :**
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.
- M) Impairment of Assets:**
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.



GUJARAT AUTOMOTIVE GEARS LIMITED

N) Intangible:

Software are amortized over a period of three years.

2. CONTINGENT LIABILITIES NOT PROVIDED FOR:

- Bank Guarantee Rs. NIL/- (Previous Year: Rs. 50,000/-).
 - Disputed Income tax Liabilities Rs. 270019/- (Previous Year 21,76,051/-)
3. The company has subscribed to a Group Gratuity Scheme of the Life Insurance Corporation of India. During the year premium amounting Rs. 27,520/- has been paid towards the current liability.
 4. 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.
 5. The management information system of the company identifies & monitors Auto Parts As the 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.

Performance of Business Segment is as follows

	2009-2010	2008-2009
	(Rs.)	(Rs.)
Revenue		
Sales	144347102	128146483
Segment Result Profit	22494614	16413680
Interest expenses	444609	2714752
Other income	(1080725)	4126084
Income Tax	7571502	6392923
Profit from Ordinary Activities	13397777	11432089
Net Profit	13397777	11432089
Other Segment information		
Capital Expenditure (Net)	806877	8812163
Depreciation and amortization	2731865	2717404
Non Cash Expenses other than depreciation	-	-
Particulars of Segment Assets and Liabilities		
Segment Assets	76824427	57119329
Investment	—	—
Bank Deposit	—	321222

GUJARAT AUTOMOTIVE GEARS LIMITED



Other Assets	360720	2830961
Total Assets	77185144	60271512
Segment Liabilities	27810191	23069093
Other Liabilities	1534726	1531521
Total Liabilities	29344917	24600614

Geographic segment

Revenue Attributable to location of the customers is as follows

Geographic Location	2009-2010 Rs in Lacs	2008-2009 Rs in Lacs
USA	81.04	167.13
Europe	1027.82	759.68
Gulf Countries	30.32	70.07
Far East	151.00	157.14
Srilanka	87.29	63.44
Others	66.00	63.98
Total	1443.47	1281.46

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

Deferred Tax:	Opening Bal 01.04.2009	Current Year	Closing balance 31.03.2010
Deferred Tax Assets on Account of :			
(i) Employee Benefit	299950	15298	315248
Total (A)	299950	15298	315248
Deferred Tax Liability on Account of :			
(i) Depreciation	1705996	(126094)	1579903
(ii) Profit on Sale of Fixed Assets	-	-	-
Total (B)	1705996	(126094)	1579903
Net Deferred Tax Assets/ (Liability)(A-B)	(1406046)	141392	(1264654)



GUJARAT AUTOMOTIVE GEARS LIMITED

7. Computation of Profit for Earning per Share:

	Year ended 31st March 2010	Year ended 31st March 2009
Profit for the year after tax	13397777	11432089
No. of shares	3,50,000	3,50,000
Nominal value per share in rupees	10.00	10.00
Basic and diluted earning per share	38.28	32.66

8. Related party disclosure as required by AS 18 issued by ICAI.

No.	Name of the Related Party	Nature of Payment	Amount Rs.	Outstanding
1. Key Management Personnel :				
1	Mr Naresh Kothari, Managing Director	Remuneration	1208096.00 (1128985.00)	75000.00 NIL
2	Mr Niranjana P Unadkat Whole Time Director	Remuneration	550556.00 (481253.00)	40000.00 NIL
2. Other : Relative of Key Management Personnel				
	Smt Tejas Kothari	Sitting Fees	1500.00 (2000.00)	NIL NIL

9. Directors' Remuneration (included in personnel expenses) as Minimum remuneration :-

	2009-2010	2008-2009
Salary	1380000.00	1380000.00
Housing Accommodation	105000.00	115500.00
PF	18720.00	18720.00
Perquisite	231484.00	97755.00
Club Fees	23448.00	16983.00
TOTAL	<u>1758652.00</u>	<u>1528958.00</u>

10. Auditors' Remuneration :-

	2009-2010	2008-2009
Audit Fees	35000	35000
Other matters	10000	10000
Expenses	78154	19913
TOTAL	<u>123154</u>	<u>64913</u>

GUJARAT AUTOMOTIVE GEARS LIMITED



11. 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.

12. Additional information required under Schedule VI of the Companies Act, 1956.

(1) Manufacturing Operation :

Sr. No.	Particulars	Actual Installed Capacity	Actual Prodn.	Opening Stock		Closing Stock	
			Qty. in Nos./Sets	Qty.in Nos./Sets	Value Rs.	Qty. in Nos./Sets	Value Rs.
1.	Transmission Gear	800 TONS	13865 (9772)	5069 (6383)	3053851 (2539969)	4436 (5069)	2794337 (3053851)
2.	Other Item		563603 (513358)	13441 (8974)	1719837 (1148596)	9278 (13441)	596920 (1719837)

1. Figures in brackets pertain to the previous year.

(2) Turnover

	<u>2009-2010</u>		<u>2008-2009</u>	
	Nos/Sets		Nos/Sets	
	Qty	Rs.	Qty.	Rs.
I. Transmission Gears	14498	10362863.00	11086	5447412.00
ii. Other items	567766	133695094.00	508891	122547021.00
iii. Other process work		289145.00	-	152050.00
TOTAL	582264	144347102	519977	128146483.00

(3) Raw materials Consumed

	<u>2009-2010</u>		<u>2008-2009</u>	
	Nos/ Sets		Nos/Sets	
	Qty.	Rs.	Qty.	Rs.
Forgings/Blanks	14423	4501404	13676	3802446.00
Other items	518992	47109981	471079	41273222.00
TOTAL	533415	51611385.00	484755	45075668.00

* Above includes production loss



GUJARAT AUTOMOTIVE GEARS LIMITED

(4) Particulars of imported and indigenous tools, spares and stores Consumed :

	2009-2010		2008-2009	
	Rs.	%	Rs.	%
Raw Material				
Imported	NIL	NIL	NIL	NIL
Indigenous	51611385.00	100%	45075668.00	100 %
TOTAL	51611385.00	100%	45075668.00	100 %
Stores/Components	Rs.	%	Rs.	%
Imported	2143517.00	7.88%	2746731.00	11.35%
Indigenous	25064824.00	92.12%	21415624.00	88.65%
TOTAL	27208341.00	100.00%	24180827.00	100.00%

13. Details of foreign exchange earned & spent during the year:

- i) E.O.B. Value of Export Rs. 13,71,79,102/- (Previous Year: Rs.12,25,83,879/-)
- ii) Foreign Exchange spent on Foreign Travelling Equivalent in Indian currency: Rs 27,60,805/- (Previous Year: Rs. 22,46,810/-) & Commission Rs.9,96,275/- (Previous Year: Rs. 12,41,801/-) Imported Components Rs.20,76,566/- (Previous Year:Rs. 15,58,451/-) Bank Charges Rs 1,16,507/- (Previous Year rs 1,50,479/-)

GUJARAT AUTOMOTIVE GEARS LIMITED



14. Employee Benift

A) Defined Benefit plans as per actuarial Valuation on 31.03.2010

Sr. No	PARTICULARS	Rs.	Rs.
		(2009-2010) Gratuity Funded	(2008-2009) Gratuity Funded
I	Expenses recognized in the statement of profit & Loss for the year end 31.March.2010		
1	Current Service Cost	43,043	44,381
2	Interest Cost	1,04,397	96,072
3	Employee Contribution	-	-
4	Expected Return on Plan Assets	(1,25,556)	(1,18,289)
5	Net Actuarial (Gain/ Losses)	(3,721)	(20,093)
6	Past Service Cost	-	-
7	Settlement Cost	-	-
8	Total Expenses	18,163	2,071
II	Net Asset/ Liability recognized in the Balance Sheet As at 31.March.2010		
1	Present Value of Defined Benefit Obligation as at 31.March, 2010	13,10,087	13,04,959
	Fair Value of Plan Assets as at 31, March ,2010	14,80,736	14,69,509
2	Funded status [Surplus / (Deficit)]	1,70,649	1,64,546
3	Net Assets/(liability) as at 31, March, 2010	1,70,649	1,64,546
III	Chang in Obligation During the year Ended 31, March, 2010		
1	Present Value of Defined Benefit Obligation at beginning of the year	13,04,959	12,00,903
2	Current Service cost	43,043	44,381
3	Interest Cost	1,04,397	96,072
4	Settlement Cost	-	-
5	Past Service Cost	-	-
6	Employee contribution	-	-
7	Actuarial (Gain) /n Losses	(3,721)	(20,093)
8	Benefits Payments	(1,38,591)	(16,304)
9	Present Value of Defined Benefit obligation at the end of the year	13,10,087	13,04,959



GUJARAT AUTOMOTIVE GEARS LIMITED

IV Chang in Assets During the year ended 31, March, 2010

1	Plan Assets at the Beginning of the year	14,69,505	13,24,414
2	Assets acquired on amalgamation in previous year	-	-
3	Settlements	-	-
4	Expected return on plan assets	1,25,556	1,18,289
5	Contribution By Employer	24,266	43,106
6	Actual Benefits Paid	(1,38,591)	(16,304)
7	Actuarial (Gain)/Losses	-	-
8	Plan Assets at the end of the year	14,80,736	14,69,505
9	Actual return on plan assets	1,25,556	1,18,289

V The major categories of plan Assets as a percentage of total plan

Qualifying Insurance Policy	100%	100%
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VI Actuarial Assumption

Discount Rates	8%	8%
Salary Escalation	7%	7%

Provision towards Liabilities For Leave Encashment made on the Basis of Actuarial Valuation as per Accounting Standard 15(Revised). Actuarial Value of Liabilities for the year is Rs 276452/- based upon following assumption

Discount Rates 7.00%

Salary Escalation 5.00%

15. Corresponding figures for the previous year have been regrouped/recast/rearranged Wherever necessary.
16. Sundry Debtors, Creditors and loans and advances are subject to confirmation and reconciliation, if any.

As per our attached report of even date

for **KANU DOSHI ASSOCIATES**
Chartered Accountants
Mihir Hindocha
Partner

Place :- MUMBAI
Date :- 03-05-2010

On behalf of the Board

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

Place :- VADODARA
Date :- 01-05-2010

GUJARAT AUTOMOTIVE GEARS LIMITED



Part IV of Schedule VI of the Companies Act, 1956

Registration No. L2930GJ1971PLC001866 State Code 04
Balance Sheet Date 31st March, 2010

I. Capital Raised during the Year (Amount in Rs. Thousand)

Public Issue NIL Rights Issue NIL

II. Position of Mobilisation and Deployment Funds (Amount in Rs. Thousand)

Total Liabilities 77185 Total Assets 77185

III Sources of Funds

Paidup Capital 3500 Reserves & Surplus 44340
Secured Loans NIL Unsecured Loans & 0 0

IV Application of Funds

Deferred tax 1265
Net Fixed Assets 17182 Investment 0
Net Current Assets 31923 Misc. Expenditure 0
Accumulated Losses 0

V. Performance of Company (Amount in Rs. Thousand)

Turnover 146429 Total Expenditure 125460
Profit/Loss Before Tax 20969 Profit/Loss After Tax 13398
Earning Per Share in Rs. 38.28 Dividend Rate 30%

VI. Generic Names of Three Principal Product/Services of Company (as per monetary terms)

Item Code No.(ITC Code) 870899
Product Description Parts & Accessories of Motor Vehicle

As per our attached report of even date

On behalf of the Board

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

Place :- VADODARA
Date :- 01-05-2010



GUJARAT AUTOMOTIVE GEARS LIMITED

Cash flow Statement for Gujarat Automotive Gears Limited		(Rs. in lacs)	
A. Cash Flow from Operating Activities :	Current Year	Previous Year	
Net Profit After Tax and Extraordinary Items	(+)209.69	(+)114.32	
ADJUSTMENT FOR :			
Depreciation	(+) 27.32	(+) 27.17	
Interest/Dividend	(+) 4.45	(+) 27.15	
Other	(+) 2.57	(-) 0.26	
Interest received	(-) 3.06	NIL	
Differed Tax Liability / Assets	NIL	(+) 6.07	
Total	(+) 31.27	(+) 60.13	
Operating Profit Before Working Capital changes			
ADJUSTMENTS FOR :			
Trade & Other Receivables	(-) 114.82	(+)128.41	
Inventories	(-) 56.73	(+) 24.99	
Trade Payables	(+)139.40	(-) 64.67	
Total	(-) 32.16	(+) 88.73	
Cash Generated from Operations	(+)208.80	(+)263.18	
Interest Paid	NIL	(-) 27.15	
Direct Taxes Paid	(-) 50.98	(-) 3.11	
Total	(+)157.83	(-) 30.26	
Cash Flow Before Extraordinary Items			
Requirements for Cash Flow Statement	(+)157.83	(+)232.92	
Net Cash from Operating Activities	(+)157.82	(+)232.92	
Misc. Exp.	NIL	NIL	
Net Cash flow	(+)157.82	(+)232.92	
B. Cash Flow from Investing Activities :			
Purchase of Fixed Assets	(-) 8.07	(-) 88.12	
Sale of Fixed Assets	(+) 6.65	(+) 2.50	
Acquisitions of Companies	NIL	NIL	
Purchase of Investments	NIL	NIL	
Sale of Investments	NIL	NIL	
Interest Received	(+) 3.06	NIL	
Dividend Received	NIL	NIL	
Net Cash used in Investing Activities	(+) 1.65	(-) 85.62	
C. Cash Flow from Financing Activities			
Proceeds from Issue of Share Capital	NIL	NIL	
Proceeds from Long Term Borrowings	NIL	(-) 64.22	
Repayment of Finance/Lease Liabilities	(-) 90.54	NIL	

GUJARAT AUTOMOTIVE GEARS LIMITED



Proceed of Un secured Loan	NIL	(-) 60
Dividend Paid (Including Dividend distribution tax)	(-) 12.28	(-) 12.28
Interest paid	(-) 4.45	NIL
Net cash used in financing activities	(-) 107.27	(-) 136.50
Net Decrease in Cash and Cash Equivalents	(+) 52.20	(+) 10.80
Cash and Cash Equivalents As At 1.4.2009 Rs.	(+) 34.44	(+) 23.64
(Opening Balance)		
Cash and Cash Equivalents As At 31.3.2010 Rs.	(+) 86.64	(+) 34.44
(Closing Balance)		

For On behalf of the Board

Naresh Kothari
Chairman & Managing Director

Niranjan Unadkat
Whole time Director

M. D. Patel
Director

Place : VADODARA

Date : 01-05-2010

To,
The Board of Directors,
Gujarat Automotive Gears Limited
Kalali, VADODARA - 390 012.

We have examined the above Cash flow statement of Gujarat Automotive Gears Limited for the Year ended 31st March 2010. The Company has prepared the statement in accordance With the requirements of listing agreement Clause 32 with Bombay Stock Exchange and is Based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of The Company covered by our report of even date to the members of the Company.

for **KANU DOSHI ASSOCIATES,**
Chartered Accountants
Mihir Hindocha
Partner

Place : MUMBAI

Date : 03.05.2010

GUJARAT AUTOMOTIVE GEARS LIMITED

**ANNUAL REPORT
2009-2010**

GUJARAT AUTOMOTIVE GEARS LIMITED

Registered Office & Factory : KALALI, VADODARAD - 390 012.

PROXY

I/We _____

of _____

in the district of _____

being a member / members of GUJARAT AUTOMOTIVE GEARS LIMITED

hereby appoint _____

of _____ in the District of _____

_____ or failing him _____

_____ of _____

_____ in the District of _____

_____ as my / our, Proxy to Vote for me / us, on my / our behalf

at the Thirty-ninth General Meeting of the Company to be held on 04-09-2010

Signed this _____ day of _____ 2010

Register folio No. _____

No. of Shares held _____

Affix 30 P.
Revenue
Stamp

NOTE : This proxy form must be deposited at the Registered Office of the Company at least 48 hours before the time fixed for holding of the meeting. Proxy need not be a member.