

GUJARAT AUTOMOTIVE GEARS LIMITED

**ANNUAL REPORT
2010-2011**

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 Fortieth 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 20th, August, 2011 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 2011 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 M.D. Patel who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. H. Patel who retires by rotation and being eligible, offers himself 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:

Registered Office
KALALI, VADODARA - 390 012
Date : 26-05-2011

By Order of the Board
NARESH KOTHARI
Chairman & Managing Director

NOTES:

- [1] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIM. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- [2] Members should notify change in the address, if any, specifying full address in block letters with pin code of the post office.
- [3] Members seeking further information on the accounts or any other matter contained in the notice are requested to write to the Company at least 7 days before the meeting, so that relevant information can be kept ready at the meeting.
- [4] The register of members and share transfer book will remain closed from Friday 12th, August 2011 to Saturday 20th, August 2011 [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



GUJARAT AUTOMOTIVE GEARS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fortieth Annual Report of the Company together with the audited accounts for the Year ended on March 31, 2011

FINANCIAL RESULTS :	2010-2011	2009-2010
	Rs.	Rs.
Profit	80513606	23701144
Less :Loss/Profit on sale of assets	278341	(256562)
Profit on sale of land	52155872	0
Operating Profit	28079393	23957706
Less : Depreciation	2885939	2731865
Operating Profit for the Year after depreciation but before tax	25193454	21225841
Total Profit before taxation (2+3+6)	77627667	20969279
Less : Provision For Taxation	19000000	7450000
Less :Provision for Deferred Tax Assets / Liabilities	(385854)	(141392)
Less : Short Provision Of Tax	43674	262894
Profit After Tax	58969847	13397777
Balance Of Profit Brought Forward From Previous Year	35718318	24884711
Profit Available for Appropriation	94688165	38282488
Less : Proposed Dividend	17500000	1050000
Tax On Proposed dividend	2838938	174392
Transferred to General Reserve	5896985	1339778
Net Profit Carried Forward to Balance Sheet	68452242	35718318

OPERATIONS:

Total Turn over during the year is Rs.1763.13 Lacs (Previous Year Rs. 1443.47 Lacs) showing increase of 22.14 % over the previous year. We have made a Profit after depreciation and interest of Rs.251.93 Lacs (Previous Year Profit of Rs 212.26 Lacs). Exports during the year was Rs.1657.21 Lacs as against Rs. 1371.79 Lacs during Previous year showing a growth of 20.80%.



GUJARAT AUTOMOTIVE GEARS LIMITED

The Company has sold part of the surplus land during the year and earned profit of Rs.521.55 Lacs.

Focus on exports with regular visits to existing customers Providing better services to increase volumes as well as better realization and also tapping of new markets has resulted in Growth of export sales. Such efforts will continue with more vigorous follow up and frequent Customer visits .

Director's Responsibility Statement: Your Board States that

- I) In the preparation of the annual account for the year ended on 31st March, 2011 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, 2011 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 2011 On a going concern basis.

DIVIDEND:

The Board recommends 500 % dividend (i e Rs 50.00 Per Share) for the year ended 31st March, 2011.

DIRECTORS:

Mr. M D PATEL and Mr. A.H.PATEL 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.



GUJARAT AUTOMOTIVE GEARS LIMITED

AUDITORS:

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

SECRETARIAL COMPLIANCE CERTIFICATE:

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

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

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

ACKNOWLEDGEMENT:

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

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

Place : Kalali, VADODARA.
Date : 26-05-2011



GUJARAT AUTOMOTIVE GEARS LIMITED

ANNEXURE - 'A'

INFORMATION AS REQUIRED UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT 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 export markets for products and services and export plans : | |
| Export sales has increased due to regular follow-up visits to various foreign markets, also visit fairs and exhibition for new customers product development. | |
| b) Total foreign exchange used | Rs. 75.09 Lacs
P. Y. (Rs. 38.74 Lacs) |
| c) Total foreign exchange earned | Rs. 1657.21 Lacs
P. Y (Ind. Rs. 1371.79 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 2011 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made there under.
3. The company, being a public limited company, has the minimum prescribed paid up capital.
4. The Board of Directors duly met four times respectively on 01.05.2010, 03.07.10, 11.10.10 and 25.01.2011 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 30.08.2010 to 04.09.2010 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 2010 was held on 04.09.2010 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.
9. The company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.



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



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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 : 05/04/2011

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.

Anexure B

Forms>Returns filed by Gujarat Automotive Gears Ltd. for the year ended 31.03.2011.

1. Balance sheet as at 31.03.2010 under Form No.23AC & 23ACA filed on 17.09.2010.
2. Annual return upto 04.09.2010 under Form No.20B filed on 19.09.2010.
3. Compliance Certificate for the year ended 31.03.2010 under Form No.66 filed on 16.09.2010.
4. Form No.23 filed on 17.09.2010.

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 2011 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 accounts 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 accounts;
 - (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 2011, we report that none of the directors are disqualified as on 31st March 2011 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 2011;
- (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 : 27-05-2011

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



GUJARAT AUTOMOTIVE GEARS LIMITED

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date on the accounts of GUJARAT AUTOMOTIVE GEARS LIMITED for the year ended 31st March 2011)

- (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 Assets, 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) (a) The Company has not granted any loans, secured or unsecured loan to companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence sub clause (a), (b), (c) and (d) of the order does not apply to the company.
- (b) In respect of loans taken by the company, these are repayable on demand and therefore, the question of overdue amount does not arise.
- (c) The Company has taken unsecured loan from two party covered in the register maintained under section 301 of the Companies Act, 1956. The year-end balance of such loan was NIL and maximum amount outstanding during the year was Rs. 60,00,000.
- (d) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company.
- (e) The interest payments are regular and the principal amount is repayable on demand.
- (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.



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- (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) However, there was no transaction exceeding the value of Rs. 5 Lakhs in respect of any party covered in relevant register.
- (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, 2011 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.



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- (xiv) The Company is not dealing in shares, securities, debentures, and other investment and hence the question of maintaining records does not arise.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) 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 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 : 27-05-2011

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, 2011

	Schedule	As at 31-3-2011 Rs.	As at 31-3-2010 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS :			
Share Capital	A	3,500,000	3,500,000
Reserves and Surplus	B	81,746,743	43,115,834
Total Shareholders' Funds		85,246,743	46,615,834
LOAN FUNDS :			
Secured Loans	C	2,119,972	—
Deferred Tax (Refer note no B4 of sch O)		878,801	1,264,655
Total		2,998,773	1,264,655
Total		88,245,518	47,880,489
APPLICATION OF FUNDS			
FIXED ASSETS:			
Gross Block	D	57,081,575	47,437,928
Less : Depreciation		32,209,555	30,256,025
Net Block		24,872,021	17181903
CURRENT ASSETS, LOANS & ADVANCES:			
(a) Inventories	E	30,240,129	22,448,378
(b) Sundry Debtors		33,981,855	21,481,936
(c) Cash & Bank Balances		38,754,575	8,663,898
(d) Loans & Advances		14,639,674	7,409,029
		117,616,233	60,003,241
Less: Current Liabilities & Provisions:			
(a) Current Liabilities	F	30,129,990	26,321,479
(b) Provision		24,112,745	2,983,175
Net Current assets		63,373,498	30,698,588
Total		88,245,518	47,880,489
NOTES TO ACCOUNTS			

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet
As per our attached report of even date

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

Place :- MUMBAI
Date :- 27-05-2011

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

Place :- VADODARA
Date :- 26-05-2011



GUJARAT AUTOMOTIVE GEARS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Year Ended 31-3-2011 Rs	Year Ended 31-3-2010 Rs
INCOME			
Sales and process charges (Gross)	G	184,360,790	15,060,0141
Less: Excise Duty		(8,048,005)	(6,253,039)
Sales and process charges (Net)		176,312,785	144,347,102
Other Income	H	5,232,048	(1,080,725)
Increase + /Decrease - in Stock	I	5,442,174	3,163,063
	Total	186,987,007	146,429,439
EXPENDITURE			
Manufacturing Expenses	J	127,364,688	98,538,496
Personnel Expenses	K	17,100,681	10,638,315
Selling & Distribution expenses	L	6,085,864	4,856,843
Administrative Expenses	M	7,313,080	8,250,032
Interest	N	764,958	444,609
Depreciation		2,885,939	2,731,865
	Total	161,515,211	125,460,160
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS		25,471,795	20,969,279
Exceptional Item - Profit on sale of surplus land		52,155,872	—
PROFIT/(LOSS) BEFORE TAX	Total	77,627,667	20,969,279
Provision for taxation		19,000,000	7,450,000
Provision for Deferred Tax (Refer Note No B4 of Sch O)		(385,854)	(141,392)
Short Provision of tax of earlier years		43,674	262,894
Profit/(Loss) after tax for Appropriation		58,969,847	13,397,777
Add : Profit brought forward		35,718,318	24,884,711
AMOUNT AVAILABLE FOR APPROPRIATION	Total	94,688,165	38,282,488
APPROPRIATION			
Transferred to General Reserve		5,896,985	1,339,778
Proposed Dividend		17,500,000	1,050,000
Income tax on dividend		2,838,938	174,392
PROFIT CARRIED FORWARD TO BALANCE SHEET	Total	68,452,242	35,718,318
Earning Per Share	Basic -	168.49	38.28
	Diluted - (Refer Note No. 7 of Schedule-O)	168.49	38.28

NOTES TO ACCOUNTS

The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Accounts
As per our attached report of even date

for **KANU DOSHI ASSOCIATES**

Chartered Accountants
Mihir Hindocha
Partner

Place :- MUMBAI
Date :- 27-05-2011

On behalf of the Board

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

Place :- VADODARA
Date :- 26-05-2011



GUJARAT AUTOMOTIVE GEARS LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31-3-2011 Rs.	As at 31-3-2010 Rs.
A SHARE CAPITAL		
Authorised		
4,25,000 Equity Shares of Rs. 10/- each	4,250,000	4,250,000
7,500 9.5 % Cumulative Redeemable Preference Shares of Rs. 100/- each	750,000	750,000
5,00,000 Unclassified Shares of Rs. 10/- each	5,000,000	5,000,000
	10,000,000	10,000,000
Issued, Subscribed & Fully Paid up:		
3,50,000 Equity Shares of Rs. 10/- each	3,500,000	3,500,000
B RESERVES AND SURPLUS		
General Reserve as per last Balance Sheet	7,397,516	6,057,738
Add : Transferred from Profit & Loss Account	5,896,985	1,339,778
Total General Reserve	13,294,501	7,397,516
Profit & Loss Account	68,452,242	35,718,318
	81,746,743	43,115,834
C SECURED LOANS (From Bank)		
Term Loans (Repayable within a year 9,75,085, P.Y. Rs.. NIL) (Secured against certain vehicles)	2,119,972	—
	2,119,972	—



GUJARAT AUTOMOTIVE GEARS LIMITED

SCHEDULE - D FIXED ASSETS

Sr. No.	Particulars	Gross Block			
		As at 01-04-2010	Addition during the year	Deduction during the year	As at 31-03-2011
1.	LAND & BUILDING				
	Land	96,129	-	44,128	52,001
	Factory Building	892,895	-	-	892,895
	Other Civil Construction	992,737	-	-	992,737
	Road and Service	63,308	-	-	63,308
	Tube Well	26,316	-	-	26,316
2.	FURNITURE & FIXTURE				
	Furniture, Fixture, Fittings	202,077	-	-	202,077
3.	PLANT & MACHINERY				
	Plant and machinery	37,215,974	6,705,030	795,912	43,125,092
	Electrical installation	723,203	131,894	-	855,097
	Air conditioner & water cooler	784,154	-	20,100	764,054
	Factory Equipment	68,493	-	-	68,493
	Office Equipment	358,304	-	188,133	170,171
	Vehicle	4,155,362	3,783,130	1,224	7,937,268
	Tempo	932,818	-	-	932,818
	Computer	785,758	73,090	-	858,848
	INTANGIBLE ASSETS				
	Computer Software	140400	-	-	140400
	TOTAL	47,437,928	10,693,144	1,049,497	57,081,575
	PREVIOUS YEAR TOTAL	49,075,042	806,877	2,443,991	47,437,928



GUJARAT AUTOMOTIVE GEARS LIMITED

As at 01-04-2010	Depreciation			Net Block	
	Adj. on A/c of Sales of Assets	Provided for the Year	Upto 31-03-2011	As at 31-03-2011	As at 31-03-2010
-	-	-	-	52,001	96,129
849,065	-	4,383	853,448	39,447	43,830
239,941	-	14,989	254,930	737,807	752,796
54,201	-	455	54,656	8,652	9,107
14,321	-	600	14,921	11,395	11,995
156,456	-	10,646	167,102	34,975	45,621
25,556,976	795,912	1,846,552	26,607,616	16,517,476	11,658,998
536,826	-	27,015	563,841	291,256	186,377
396,013	20,100	35,179	411,092	352,962	388,141
63,124	-	593	63,717	4,776	5,369
140,638	115,174	17,209	42,673	127,498	217,666
1,362,340	1,224	735,642	2,096,758	5,840,510	2,793,022
209,700	-	105,502	315,201	617,617	723,118
536,026	-	87,174	623,199	235,649	249,732
140400	-	-	140400	0	0
30,256,025	932,410	2,885,939	32,209,555	24,872,021	17,181,903
29,046,589	1,522,429	2,731,865	30,256,025	17,181,903	20,028,453



GUJARAT AUTOMOTIVE GEARS LIMITED

	As at 31-3-2011 Rs.	As at 31-3-2010 Rs.
E CURRENT ASSETS, LOAN & ADVANCES		
A. CURRENT ASSETS		
(I) INVENTORIES		
(Taken, valued and Certified by the Management)		
(1) Raw Material	1,917,420	2,977,588
(2) Semi-finished goods	16,266,573	11,765,763
(3) Finished goods	5,222,741	3,391,257
(4) Raw Material Components	4,391,367	1,081,185
(5) Scrap	1,162,868	2,052,988
(6) Stores & Spares including packing material	1,279,160	1,179,597
	<u>30,240,129</u>	<u>22,448,378</u>
(II) SUNDRY DEBTORS		
(Unsecured, considered Goods)		
(1) Outstanding for a period exceeding six months	—	—
(2) Others	33,981,855	21,481,936
	<u>33,981,855</u>	<u>21,481,936</u>
(III) CASH & BANK BALANCES		
(1) Cash on hand	44,917	135,956
(2) Balance with Scheduled bank in current a/c	38,391,021	8,527,942
(3) Balance with Scheduled bank in Fixed deposit a/c (Margin Money)	318,637	—
	<u>38,754,575</u>	<u>86,63,898</u>



GUJARAT AUTOMOTIVE GEARS LIMITED

	As at 31-3-2011 Rs.	As at 31-3-2010 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	113,960	651,260
(2) Deposits with Government, Public bodies and other Advances	383,975	405,475
(3) Central Excise	5,734,681	3,654,178
(4) Pre-paid expenses	45,181	241,303
(5) Payment of Income-tax (net)	363,015	90,649
(6) Export Benefit Recievable	195,962	85,000
(7) Sales Tax Set Off Receivable	7,802,899	2,266,284
(8) Other Advance	—	14,880
	<u>14,639,674</u>	<u>7,409,029</u>
	<u>117,616,233</u>	<u>60,003,241</u>
F CURRENT LIABILITIES & PROVISIONS		
A) LIABILITIES		
(1) Sundry Creditors (refer to Note No. 16 In Schedule 'O')	26,986,253	23,086,396
(2) Other Liabilities	2,789,216	2,965,011
Investor Education and Protection Fund shall be credited by the following (See Note below)		
(3) Unclaimed Dividend	354,521	270,071
Note : Amount to be transferred to said fund shall be determined on the respective due dates.	<u>30,129,990</u>	<u>26,321,479</u>
(B) PROVISIONS		
(1) Provision for Leave Encashment	3,773,807	1,758,783
(1) Proposed Dividend	17,500,000	1050000
(2) Income Tax On Dividend	2,838,938	174,392
	<u>24,112,745</u>	<u>2,983,175</u>
G INCOME		
Sales & Process charges		
1. Sales	176,116,335	144,057,957
2. Process Charges	196,450	289,145
Add: Excise Duty	8,048,005	6,253,039
	<u>184,360,790</u>	<u>150,600,141</u>



GUJARAT AUTOMOTIVE GEARS LIMITED

	Year Ended 31-3-2011 Rs.	Year Ended 31-3-2010 Rs.
H OTHER INCOME		
1. Scrap Sales	1,860,606	201,840
2. Excess Provision Written back	9,915	8,198
3. Foreign Exchange Fluctuation	2,627,423	(2,196,019)
4. Interest Received (TDS Rs.. 4,037, PY. Rs.. 4,293)	40,052	306,400
5. Misc. Income	0	570,815
6. Export Benefit Recieved	415,711	284,602
7. Profit/(Loss) on sale/discard of fixed assets (Other than Land)	278,341	(256,562)
	5,232,048	(1,080,725)
I INCREASE(+)/DECREASE(-) IN STOCK		
OPENING STOCK :		
Finished Goods	3,391,257	4,773,688
Semi-Finished goods	11,765,763	7,451,643
Scrap	2,052,988	1,821,614
	<u>17,210,008</u>	<u>14,046,945</u>
Less : CLOSING STOCK :		
Finished Goods	5,222,741	3,391,257
Semi-Finished goods	16,266,573	11,765,763
Scrap	1,162,868	2,052,988
	<u>22,652,182</u>	<u>17,210,008</u>
	5,442,174	3,163,063
J MANUFACTURING EXPENSES		
Raw material consumed	68,891,947	51,611,385
Raw material Components consumed	30,169,228	25,495,097
Stores & spares consumed	3,363,829	1,713,244
Packing material consumed	5,922,846	4,496,403
Process charges	12,761,641	10,076,195
Power & Fuel Consumed	3,439,048	2,610,589
Repair to Plant & Machinery	508,215	1,041,583
Repairs to Building	176,635	99,099
Repairs to others	188,846	86,360
Excise Duty on Finished Goods (Net)	87,907	6,311
Freight Inward & Octroi	1,262,124	762,929
Fumigation charges	239,410	238,460
Laboratory Testing Charges	15,980	10,545
Import Duty	337,032	290,296
	127,364,688	98,538,496



GUJARAT AUTOMOTIVE GEARS LIMITED

	Year Ended 31-3-2011 Rs.	Year Ended 31-3-2010 Rs.
K PERSONNEL EXPENSES		
Salary,Wages & Gratuity (including - provision for bonus & gratuity)	16,804,010	10,370,551
Contribution to Provident & other funds	293,500	259,560
Employees Welfare Expenses	3,171	8,204
	17,100,681	10,638,315
SELLING AND DISTRIBUTION EXPENSES		
Freight outwards	4,373,553	3,728,847
Commission & Discount	1,665,612	1,086,569
Advertisement	46,699	41,427
	6,085,864	4,856,843
M ADMINISTRATIVE EXPENSES		
Insurance	520,843	437,355
Rates & Taxes	142,281	157,627
Postage, Telephone & Telegram	408,206	418,268
Printing & Stationery	254,149	246,520
Vehicle Running & Maintenance	1,164,016	995,613
Travelling & Conveyance	3,706,566	4,697,482
Directors' Sitting Fees	9,500	7,500
Sundry Expense	222,310	241,686
Bad Debts	(100,578)	0
Legal & Professional Fees	190,272	226,165
Payment to Government	270,946	223,822
Auditors' remuneration	82,350	123,154
Bank & Finance charges	442,219	474,840
	7,313,080	8,250,032
N INTEREST		
Directors	587,864	—
Others	177,094	444,609
	764,958	444,609



GUJARAT AUTOMOTIVE GEARS LIMITED

O. NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1) BASIS OF ACCOUNTING:-

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

2) 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.

3) 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.

4) 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.

5) 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



GUJARAT AUTOMOTIVE GEARS LIMITED

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.

6) INTANGIBLE ASSETS:-

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

7) 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.

8) INVENTORIES:-

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

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

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

Scrap is valued at estimated net realizable value.

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

9) 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.

10) 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



GUJARAT AUTOMOTIVE GEARS LIMITED

that arose during the year. Excise duties in respect of finished goods are shown separately as an item of Manufacturing Expenses and included in the valuation of finished goods.

Export benefits are accounted on accrual basis.

11) FOREIGN CURRENCY TRANSACTIONS:-

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

12) EMPLOYEE BENEFITS: -

(I) DEFINED CONTRIBUTION PLAN:-

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

(II) DEFINED BENEFIT PLAN:-

Defined Benefit obligation plans and other long term benefits- The present value of the obligation under such plans is determined based on an actuarial valuation, 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.

13) 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



GUJARAT AUTOMOTIVE GEARS LIMITED

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.

14) 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.

B Notes to Accounts

1	Contingent liability not provided for:	31.3.2011	31.3.2010
	Bank Guarantee	267,450	NIL
	Disputed Income tax Liabilities	270,019	270,019

2 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.

3 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.



GUJARAT AUTOMOTIVE GEARS LIMITED

Geographical segment- Revenue

Geographic Location	<u>31.3.2011</u> Rs. In (Lacs)	<u>31.3.2010</u> Rs. In (Lacs)
USA	117.34	81.04
Europe	1,196.38	1,027.82
Gulf Countries	42.49	30.32
Far East	184.06	151.00
Sri Lanka	116.94	87.29
Others	105.92	66.00
Total	1,763.13	1,443.47

Other income is generated only in India. All assets of the company except the debtors of Rs. 3,21,77,685 (PY. Rs. 1,94,40,045) are within India.

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

Deferred Tax:	Opening Bal	Current	Closing balance
	<u>01.04.2010</u>	<u>Year</u>	<u>31.03.2011</u>
Deferred Tax Assets on Account of			
(i) Employee Benefit	315,248	662,176	977,424
Total	315,248	662,176	977,424
Deferred Tax Liability on Account of			
(i) Depreciation	1,579,903	276,322	1,856,224
Total	1,579,903	276,322	1,856,224
Net Deferred Tax Assets/(Liability)	(1,264,655)	385,854	(878,801)



GUJARAT AUTOMOTIVE GEARS LIMITED

5. Earning per Share :-

	<u>Year ended</u> <u>31st March 2011</u>	<u>Year ended</u> <u>31st March 2010</u>
Profit for the year after tax	589,69,847	133,97,777
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	168.49	38.28

6 Related Party Disclosures

	<u>31.3.2011</u>	<u>31.3.2010</u>
Key Management Personnel		
Payment of Managerial Remuneration		
Mr. Naresh Kothari, Managing Director	2,266,822	1,208,096
Mr. Niranjana P Unadkat, Whole Time Director	535,040	550,556
Other : Relative of Key Management Personnel		
Payment of Sitting Fees		
Smt Tejas Kothari, Director	2,000	1,500
Balance Outstanding		
Mr. Naresh Kothari, Managing Director	170,000	75,000
Mr. Niranjana P Unadkat, Whole Time Director	40,000	40,000

7 Managerial Remuneration

	<u>31.3.2011</u>	<u>31.3.2010</u>
Salary	2,520,000	1,485,000
Contribution to Provident and other funds	18,720	18,720
Perquisites	263,142	254,932
Total	<u>2,801,862</u>	<u>1,758,652</u>

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

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

8. Auditors' Remuneration :-

Particulars	<u>2010-2011</u>	<u>2009-2010</u>
Audit Fees	35,000	35,000
Tax Audit fees	10,000	10,000
Reimbursement of Expenses	37,350	78,154
TOTAL	<u>82,350</u>	<u>123,154</u>



GUJARAT AUTOMOTIVE GEARS LIMITED

9 Employee Benefits :-

a) Defined benefit plans as per actuarial valuation on 31st March, 2011

PARTICULARS

	Gratuity Funded	
	31.3.2011	31.3.2010
I Expenses recognized in the statement of profit & Loss for the year end 31.March.2011		
1 Current Service Cost	45,093	43,043
2 Interest Cost	104,807	104,397
3 Employee Contribution	-	-
4 Expected Return on Plan Assets	(138,295)	(125,556)
5 Net Actuarial (Gain / Losses)	1,062,678	(3,721)
6 Past Service Cost	-	-
7 Settlement Cost	-	-
8 Total Expenses	1,074,283	18,163
II Net Asset/ Liability recognized in the Balance Sheet As at 31.March.2011		
1 Present Value of Defined Benefit Obligation as at 31.March, 2011	2,473,831	1,310,087
2 Fair Value of Plan Assets as at 31, March ,2011	2,690,975	1,480,736
3 Funded status [Surplus / (Deficit)]	217,144	170,649
4 Net Assets/(liability) as at 31, March, 2011	217,144	170,649
III Chang in Obligation During the year Ended 31, March, 2011		
1 Present Value of Defined Benefit Obligation at beginning of the year	1,310,087	1,304,959
2 Current Service cost	45,093	43,043
3 Interest Cost	104,807	104,397
4 Settlement Cost	-	-
5 Past Service Cost	-	-
6 Employee contribution	-	-
7 Actuarial (Gain) / Losses	1,062,678	(3,721)
8 Benefits Payments	(48,834)	(138,591)
9 Present Value of Defined Benefit obligation at the end of the year	2,473,831	1,310,087
IV Chang in Assets During the year ended 31, March, 2011		
1 Plan Assets at the Beginning of the year	1,480,736	1,469,505
2 Assets acquired on amalgamation in previous year	-	-
3 Settlements	-	-
4 Expected return on plan assets	138,295	125,556
5 Contribution By Employer	1,120,778	24,266
6 Actual Benefits Paid	(48,834)	(138,591)
7 Actuarial (Gain)/Losses	-	-
8 Plan Assets at the end of the year	2,690,975	1,480,736
9 Actual return on plan assets	138,295	125,556

GUJARAT AUTOMOTIVE GEARS LIMITED



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%

b) Provision towards Liabilities For Leave Encashment made on the Basis of Actuarial Valuation as per Accounting Standard 15(Revised). Actuarial Value of Liabilities at the year end is Rs 37,73,807/- (P.Y. 18,98,944) based upon following assumption. Expenses provided in the profit and loss account is Rs. 20,35,417 (P.Y. Rs.2,76,452)

	31.3.2011	31.3.2010
Discount Rates	8%	7%
Salary Escalation	6%	5%

10 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.

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

Particulars	31.3.2011	31.3.2010
Export Debtors	32,177,685	19,440,045

12 Additional information pursuant to the provisions of paragraphs 3 & 4 of part Ii of Schedule Vi to the Companies Act, 1956.

The Company has opted for exemption under Notification No. S.O. 301 (E) dated February 8, 2011 issued by the Ministry of Corporate Affairs. The Company is Export Oriented Company (Its export turnover is more than 20% of the turnover). Accordingly, Company has not disclosed information required to be disclosed under paragraphs 3(i)(a), 3(ii)(a), 3(ii)(b) and 3(ii)(d).

A Licensed and installed capacity, actual production and opening and closing stocks-

Particulars	31.3.2011	31.3.2010
Installed capacity		
Transmission Gears	800 Tons	800 Tons
Actual Production		
Transmission Gears (Nos./Set)	21,742	13,865
Other Items (Nos./Set)	835,972	563,603

Licensed Capacity per annum not indicated due to the abolition of Industrial Licences as per Notification No. 477 (E) dated July 25, 1991 issued under The Industries (Development and Regulation) Act, 1951.

Annual installed Capacity as certified by the management and, being a technical matter, accepted by the Auditors.



GUJARAT AUTOMOTIVE GEARS LIMITED

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

Particulars	31.3.2011		31.3.2010	
	Value	%	Value	%
Raw Material				
Imported	0	0.00%	0	0.00%
Indigenous	68,891,947	100.00%	51,611,385	100.00%
Total	68,891,947	100.00%	51,611,385	100.00%
Stores/Components				
Imported	3,627,813	10.82%	2,143,517	7.88%
Indigenous	29,905,244	89.18%	25,064,824	92.12%
Total	33533057	100.00%	27208341	100.00%

C Details of Foreign exchange earned and spent during the year

- F.O.B. Value of Export Rs. 16,57,21,084/-(Previous Year: Rs.13,71,79,102/-)
- Foreign Exchange spent on Foreign Traveling Equivalent in Indian currency: Rs. 22,21,081/-(Previous Year: Rs. 27,60,805/-) & Commission Rs.14,93,437/-(Previous Year: Rs. 9,96,275/-) Imported Components Rs.36,27,813/-(Previous Year: Rs. 20,76,566/-) Bank Charges Rs 166,420/- (Previous Year Rs. 1,16,507/-)

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

As per our attached report of even date

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

Place:- Mumbai
Date :- 27-05-2011

On behalf of the Board

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

Place:- Baroda
Date :-26-05-2011



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, 2011

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 142488 Total Assets 142488

III Sources of Funds

Paidup Capital 3500 Reserves & Surplus 81747

Secured Loans 2120 Unsecured Loans & NIL

IV Application of Funds

Net Fixed Assets 24872 Investment 878

Net Current Assets 83712 Misc. Expenditure NIL

Accumulated Losses NIL

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

Turnover 186987 Total Expenditure 161515

Profit/Loss Before Tax 77628 Profit/Loss After Tax 58970

Earning Per Share in Rs. 168.49 Dividend Rate 500%

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

Item Code No.(ITC Code) 870899

Product Description Parts & Accessories of Motor Vehicle

As per our attached report of even date

On behalf of the Board

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

Place :- VADODARA
Date :- 26-05-2011



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	(+)776.28	(+)209.69
	ADJUSTMENT FOR :		
	Depreciation	(+)28.86	(+)27.32
	Interest Expenses	(+)7.65	(+)4.45
	*Profit/(loss) on sale of fixed assets	(-)524.34	(+)2.57
	Interest received	(-)0.40	(-)3.06
	*(Includes Rs. 5,21,55,872 on sale of surplus land)		
	Operating Profit Before Working Capital changes	(+)288.04	(+)240.96
	ADJUSTMENTS FOR :		
	Sundry Debtors	(-)125.00	(-)114.82
	Loans & Advances	(-)69.58	—
	Inventories	(-)77.92	(-)56.72
	Current Liabilities and provisions	(+)58.24	(+)139.40
	Total	(-)214.26	(-)32.16
	Cash Generated from operations	(+)73.78	(+)208.80
	Direct taxes paid	(-)193.16	(-)50.98
	Net Cash Flow from Operating Activities	(-)119.38	(+)157.82
B.	Cash flow from Investing Activities		
	Purchase of fixed assets	(-)106.93	(-)8.07
	*Sale of fixed assets	(+)525.51	(+)6.65
	Interest received	(+)0.40	(+)3.06
	(Includes Rs. 5,22,00,000 for sale of surplus land)		
	Net cash used in investing activities	(+)418.98	(+)1.65
C.	Cash flow from financing activities		
	Proceeds from long term borrowings (Net)	(+)21.20	(-)90.54
	Proceeds/Repayment of unsecured loan	-	-
	Dividend paid (Including Dividend distribution tax)	(-)12.24	(-)12.28
	Interest paid	(-)7.65	(-)4.45
	Net cash used in financing activities	(+)1.31	(-)107.27
	Net decrease in cash and cash equivalents	(+)300.91	(+)52.20
	Cash and cash equivalent as at 01.04.2010 (Opening Balance)	(+)86.64	(+)34.44
	Cash and cash equivalent as at 31.03.2011 (Closing Balance)	(+)387.55	(+)86.64



GUJARAT AUTOMOTIVE GEARS LIMITED

Cash and Cash equivalent includes Rs. 3,54,521 (PY. Rs. 2,70,017) in unclaimed dividend account and Rs. 3,18,637 (PY. Rs. Nil) fixed deposit with bank as margin money against guarantee issued by the Company.

As per our attached report of even date

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

Place:- Mumbai
Date :- 27-05-2011

On behalf of the Board

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

Place:- Baroda
Date :-26-05-2011

GUJARAT AUTOMOTIVE GEARS LIMITED

Registered Office & Factory : KALALI, VADODARA - 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 Fortieth Annual General Meeting of the Company to be held on 20-08-2011.

Signed this _____ day of _____ 2011.

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.