

NOTICE

NOTICE is hereby given that the **Sixteenth Annual General Meeting ("AGM")** of **AVTEC Limited** ("the Company") to be held through mode of video conferencing ("VC") or other audio-visual means ("OAVM") in accordance with the applicable provisions of the Companies Act, 2013 ("Act") read with MCA General Circular No. 20/2020, 14/2020 and 17/2020 dated May 5, 2020, April 8, 2020 and April 13, 2020 respectively to transact the following business:

Day : Wednesday
Date : September 29, 2021
Time : 12:00 Noon

The link for joining the meeting shall be shared with the members before the meeting.

AS ORDINARY BUSINESS

- (1) To receive, consider and adopt:
 - a) the audited standalone financial statements of the Company for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and the Auditors' thereon.
 - b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2021 and the Auditors' Report thereon.
- (2) To appoint a Director in place of Mr. A Sankaranarayanan, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.

AS SPECIAL BUSINESS

- (3) To approve remuneration of the Cost auditors for the F.Y 2021-22 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.2,50,000 plus out of pocket expenses as approved by the Board on the recommendation of the Audit Committee to be paid to M/s S.S Zanwar & Associates, Cost Accountants (Proprietor Firm Registration no. 100283 and Membership No. 20371), Cost Auditors of the Company to conduct the audit of cost records of the Company for the F.Y. 2021-22 be and is hereby ratified confirmed and approved."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such things, deeds and acts and take all such steps as necessary, proper or expedient to give effect to this resolution."

- (4) To approve the managerial remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:-

"RESOLVED THAT pursuant to Section 197 and 198 and any other applicable

provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent be and is hereby accorded to pay Fixed Pay Rs. 2,13,12,000 p.a. and maximum variable performance pay Rs. 53,28,000 p.a. to Mr. Neeraj Jain, Managing Director (DIN 06520246), w.e.f. 01.04.2021 in case of inadequacy of profit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters or things as may be required or considered necessary or incidental thereto."

- (5) To approve the managerial remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**:-

"RESOLVED THAT pursuant to the applicable provisions, (including any modifications thereto) of the Act all Non-Executive Directors of the Company be paid in such manner as may be decided by the Board, a Commission of a sum not exceeding in total 1% of the net profits of the Company before tax computed under the Act, for a period of five financial years commencing from 01.04.2021 and ending on 31.03.2026.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters or things as may be required or considered necessary or incidental thereto."

By Order of the Board

(Ruchika Gupta)

Company Secretary

PAN - AHBPG5420E

Date: 24.07.2021

Place: New Delhi

NOTES:

1. In view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will be held through video conferencing (VC) or other audio-visual means (OAVM). Hence, members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM facility, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

3. The Meeting shall be participated only through VC/OAVM by members with shared login details. Login details will be shared separately on your registered email address.
4. The facility for joining the VC/OAVM shall be kept open for the Members from 11:45 a.m. and may be closed at 1:00 p.m. (IST) or thereafter.
5. The Members can submit questions in advance with regard to the matter to be placed at the AGM, from their registered email address, mentioning their name, demat id and mobile number, to reach the Company's email address at ruchika.gupta@avtec.in latest by 11 a.m. on September, 27th, 2021. Such questions by the Members shall be taken up during the meeting.
6. The Members are further informed that they can cast their votes either during the VC/OAVM meeting by show of hands or they can ask for a poll during the AGM wherein they can provide their assent or dissent via email at the registered email address i.e. ruchika.gupta@avtec.in to the Company during the time of the AGM. In case any member requires any assistance regarding the procedure of the attending of the AGM, they may contact the following person:

Name and designation: Ruchika Gupta, Company Secretary

Contact no.: 011-42092225

Email: ruchika.gupta@avtec.in

7. Relevant documents (if any) referred to in the Notice and the Statements shall be open for inspection by the members and can be made available by the Company to the members on request over email i.e. corporate@avtec.in.
8. Corporate members intending to appoint their authorized representative to attend the e-meeting are requested to send a certified copy of the Board Resolution, via email to the Company on ruchika.gupta@avtec.in thereby authorizing their representative to attend and vote on their behalf at the e-meeting.
9. The explanatory statement pursuant to section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is attached.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

In accordance with the provisions of Section 148(3) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors shall be ratified by the shareholders of the Company.

The Board on recommendation of Audit Committee has appointed M/s S.S Zanwar & Associates, Cost Accountants (Proprietor Firm Registration no. 100283 and Membership No. 20371) as Cost Auditors of the Company to conduct the audit of the cost records of the Company at a remuneration of Rs.2,50,000 plus reimbursement of out of pocket expenses for the F.Y. 2021-22.

Ratification of the members is sought for the proposal contained in the resolution set out in item no.3 of the notice.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise.

The Board recommends and proposes to pass the resolution accompanying notice as an ordinary resolution.

Item No. 4

In terms of the appointment agreement of Mr. Neeraj Jain, Managing Director of the Company, executed on 30.07.2018, the Board of Directors will approve every year the remuneration payable to Mr. Neeraj Jain on the recommendation of the Nomination and Remuneration Committee. The Board had approved that considering the contribution made to the growth of the Company there shall be revision in remuneration payable to Mr. Neeraj Jain which is as follows:

- Fixed Pay of Rs. 2,13,12,000 p.a.
- Variable Performance Pay upto Rs. 53,28,000 p.a.

In the opinion of the Board, the Company may have inadequate profits during F.Y 2021-22 to pay the remuneration to Mr. Neeraj Jain. Therefore, pursuant to Section 197 read with Schedule V, Part II, Section II and any other applicable provisions of the Companies Act, 2013 ("the Act") along with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company requires an approval of the Shareholders through special resolution.

The other required information is as under:

I. General Information

1. Nature of Industry

The Company is mainly in the business of manufacture and supply of engines, transmissions and components thereof for passenger vehicles, off-highway and on- highway vehicles and earthmoving equipments.

2. Year of commencement of commercial production – 2005

3. Financial performance based on given indicators

Particulars	Rs./crs.		
	2018-19	2019-20	2020-21
Net Sales & Services	650.40	399.73	306.48
Earnings before Interest, Depreciation and taxes (EBITDA)	73.01	2.51	28.53
Interest (Net)	31.07	41.62	39.96
Depreciation/Amortization	45.06	43.96	44.61
Profit(Loss) before Tax	(20.19)	(94.14)	(67.32)
Provision for Income Tax and Other Taxes	(10.19)	0.12	0.72
Profit after Taxation	(10.00)	(94.26)	(68.23)

4. Export performance and net foreign exchange collaborations

The Company has not entered into any net foreign exchange collaboration.

Export turnover during the last three years is as under:-

Rs. /crs.		
2018-19	2019-20	2020-21
106.06	78.52	64.26

5. Foreign investments or collaborators, if any : NIL

II. Information about the appointee

1. Background details, Job profile and his suitability, etc.

Mr. Neeraj Jain born on November 7, 1968 is B.E. Production, Marathwada University and has Internal Audit Certification for ISO 9001. He has overall experience of 25 years with expertise in business turnaround, marketing, strategic development, operational efficiencies. Major part of his career was spent in Whirlpool, Tecumseh and Varroc Polymers.

2. Past remuneration

The remuneration paid during 01.04.2020 -31.03.2021 is Rs. 243.79 crores as per financials of the Company.

3. Proposed remuneration

Particulars	Amount in Rs.(per annum)
Fixed Pay	2,13,12,000
Performance Variable Pay	53,28,000

4. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.

Having regard to type of industry, size of the Company, the responsibilities, academic background and capabilities of Mr. Neeraj Jain, the remuneration paid is at par with the remunerations paid to such senior executives in the Corporate Sector.

5. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Mr. Neeraj Jain is neither having any pecuniary relationship with the Company nor is he related with any other managerial personnel of the Company.

As per Schedule V, Part II, Section II and other applicable provisions, if any of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Shareholders' approval by way of Special Resolution is required to pay the approved remuneration to Mr. Neeraj Jain for financial year 2021-22.

The Board recommends and proposes to pass the resolution accompanying notice as a special resolution.

Except Mr. Neeraj Jain, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.


Item No. 5

The Shareholders of the Company in 2016 passed the resolution for payment of commission to non-executive directors for five financial years ending on 31 March 2021. The Board of directors proposed that pursuant to Section 197 of the Companies Act, 2013 a sum not exceeding one percent per annum of the net profits of the Company calculate in accordance with the provisions of Section 198 may be paid to non - executive directors for five financial years commencing from April 1, 2021.

Except Mr. Neeraj Jain, Managing Director, all directors are concerned or interested in this resolution. The Key Managerial Personnel of the Company and their relatives are not concerned or interested, financial or otherwise, in this resolution.

The Board recommends and proposes to pass the resolution accompanying notice as a special resolution.

By Order of the Board



(Ruchika Gupta)
Company Secretary
PAN - AHBPG5420E

Date: 24.07.2021

Place: New Delhi