

AVTEC LIMITED

Regd. Office: Pithampur Industrial Area, Sector-III, P.O Sagore - 454774, Distt. Dhar (M.P)

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Company will be held on Friday, the 29th July at 11.00 a.m. at the registered office of the Company at Pithampur Industrial Area, Sector-III, P.O. Sagore - 454774, Distt. Dhar (M.P.) to transact the following business:


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, 2016, 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, 2016 and the Auditors' Report thereon.
- (2) To appoint a Director in place of Mr. Prabhakar Kadapa (00059374), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
- (3) To appoint a Director in place of Mr. T.E.S. Varadhan (DIN 00263942), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
- (4) To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of section 139, 142 and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 amended form time to time, (including any statutory modification(s) or re-enactment thereof for the time being in force), and the resolution passed by the shareholders at the Ninth Annual General Meeting of the Company held on 23 June 2014, the appointment of M/s S.R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Registration No.: 301003E), as the Statutory Auditors of the Company to hold office till the conclusion of Annual General Meeting to be held in calendar year 2017 be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to fix the remuneration payable to the Statutory Auditors for the financial year ending on March 31, 2017."

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For AVTEC Limited


Company Secretary

AS SPECIAL BUSINESS

- (5) To approve remuneration of the Cost auditors for the F.Y 2016-17 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. 4,75,000 plus service tax & out of pocket expenses as approved by the Board on the recommendation of the Audit Committee to be paid to M/s. Vijender Sharma & Co., Cost Accountants (ICMAI Firm Registration No.: 00180), Cost Auditors of the Company to conduct the audit of cost records of the Company for the F.Y. 2016-17 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."

- (6) To approve the managerial remuneration in case of inadequacy of profits 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 & 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 of Rs.253,35,979 p.a. and Variable Performance Pay upto Rs. 71,46,045 p.a. to Mr. Prabhakar Kadapa, Managing Director (DIN 00059374), w.e.f. 01.04.2016 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."

- (7) To approve the payment of commission to Non-Executive Directors 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 any other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force)("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 01.04.2016 and ending on 31.03.2021.

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For AVTEC Limited



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: 10.05.2016
Place: New Delhi

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the meeting.
3. 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.
4. Members/Proxies should bring the enclosed attendance slip duly filled in for attending the meeting.
5. Relevant documents referred in the accompanying Notice will be tabled at the meeting for inspection.

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For AVTEC Limited


Company Secretary

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

Item No. 5

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 Vijender Sharma & Co., Cost Accountants (ICMAI Firm Registration No.: 00180) as Cost Auditors of the Company to conduct the audit of the cost records of the Company at a remuneration of Rs. 4,75,000 plus service tax and reimbursement of out of pocket expenses for the F.Y. 2016-17.

Ratification of the members is sought for the proposal contained in the resolution set out in item no.5 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. 6

In terms of the appointment agreement of Mr. Prabhakar Kadapa, Managing Director of the Company, executed on 07.11.2013, the Board of Directors will approve every year the remuneration payable to Mr. Prabhakar Kadapa on the recommendation of the Nomination and Remuneration Committee. The Board has revised the remuneration payable to Mr. Prabhakar Kadapa for the F.Y. 2016-17 as follows:

- Fixed Pay of Rs.253,35,979 p.a.
- Variable Performance Pay upto Rs. 71,46,045 p.a.

In the opinion of the Board, due to a slowdown and depressed market conditions in the automobile industry, the Company may have inadequate profits during F.Y 2016-17 to pay the remuneration to Mr. Prabhakar Kadapa. 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

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For AVTEC Limited


Company Secretary

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.		
	2013-14	2014-15	2015-16
Gross Sales & Services	580.74	677.59	635.00
Net Sales & Services	494.30	580.87	542.76
Earnings before Interest, Depreciation and taxes (EBIDTA)	20.76	55.54	27.38
Interest (Net)	19.51	24.07	24.13
Depreciation/Amortization	31.75	32.00	34.96
Profit before Tax	(30.50)	(0.53)	(31.70)
Provision for Income Tax and Other Taxes	(10.62)	0.63	(3.82)
Profit after Taxation	(19.88)	(1.16)	(27.88)

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.		
2013-14	2014-15	2015-16
53.91	80.31	57.38

5. Foreign investments or collaborators, if any

Foreign Investor - Highdell Investments Ltd, a foreign Company holds 75,00,000 Equity Shares (30% of Share Capital) of the Company.

II. Information about the appointee

- a. Background details, Job profile and his suitability, etc.

Mr. Prabhakar Kadapa is a professional with B.Tech in Mechanical Engineering and Post Graduate in Tool Engineering. He has a vast experience of automobile

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Company Secretary

industry and associated with the Company as Managing Director since January, 2009.

He is responsible for day to day operations of the Company under superintendence, direction and control of the Board. The professional expertise of Mr. Prabhakar Kadapa has helped the Company in increasing its operational efficiency and customer satisfaction over the years despite having highly competitive market environment.

2. Past remuneration*

Rs. /lacs		
2013-14	2014-15	2015-16
241.90	298.00	324.82

*Total cost to the Company including maximum variable performance pay.

3. Proposed remuneration -

Rs. / Lacs	
Particulars	Amount (per annum)
Fixed Pay	253.35
Performance Variable Pay	71.46

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. Prabhakar Kadapa, 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. Prabhakar Kadapa 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. Prabhakar Kadapa for financial year 2016-17.

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

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

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Item No. 7

The Shareholders of the Company in 2011 passed the resolution for payment of commission to non-executive directors for five financial years ending on 31 March 2016. 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, 2016.

Mr. Viraj Sawhney and Mr. Niten Malhan, Investor nominees have relinquished their right to receive the commission.

Except Mr. Prabhakar Kadapa, Managing Director, Mr. Viraj Sawhney (Investor nominee), Mr. Niten Malhan (Investor nominee) 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: 10.05.2016
Place: New Delhi