



NOTICE OF EXTRAORDINARY GENERAL MEETING

To
The Members,

NOTICE is hereby given that an Extraordinary General Meeting of the Members of Gujarat Poly-AVX Electronics Limited will be held at the Registered Office of the Company at B-17/18, Gandhinagar, Electronic Estate, Gandhinagar 382 024, Gujarat on 13th, August, 2014, at 3 p.m. to transact the following business:

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification/s the following Resolution as an Ordinary Resolution:

“RESOLVED THAT the erosion of more than 50% of the peak net worth of the Company during the immediately preceding four financial years, by the accumulated losses, as per the duly finalized audited accounts of the Company for the financial year ended on 31st March, 2014 and as per the details provided in the Explanatory Statement annexed herewith, as also the causes for such erosion, be and are hereby considered / noted in compliance with the provisions of Section 23(1)(a)(ii) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).”

“RESOLVED FURTHER THAT the fact of the above erosion be reported to the Board for Industrial & Financial Reconstruction (BIFR), New Delhi, by the Board of Directors of the Company or by any person duly authorised by it in this behalf, in the prescribed form and in accordance with the provisions of the Section 23(1)(a)(i) of the said Act.”

“RESOLVED LASTLY THAT a certified true copy of this resolution be forwarded to BIFR for its information and BIFR be requested to take necessary action, if any, in accordance with the provisions of the said Act.”

By Order of the Board of Director

Registered Office:

B-17/18, Gandhinagar Electronic Estate,
Gandhinagar – 382 024, Gujarat

Place: Gandhinagar

Date: 1st July, 2014

A. H. Mehta
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The duly filled proxy form should be lodged with the Company at its Registered Office at least 48 hours before the time of the Meeting.
2. Explanatory Statement pursuant to Section 102(1) of Companies Act, 2013, in respect of the Special Business is annexed hereto.



EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 (1) OF THE COMPANIES ACT, 2013.

1. The audited accounts of your Company for the Financial Year ended on 31st March, 2014, were considered and approved by the Board of Directors of the company at the meeting held on 29th May, 2014.
2. In terms of the above referred duly audited accounts of the Company, the accumulated losses for the relevant financial year ended on 31st March, 2014, stood at Rs. 1674.25 lacs vis-a-vis the peak net worth of Rs 1866.25 lacs as at 31st March, 2013, being the peak net worth in the immediately preceding four financial years, and has resulted in the erosion of more than 50% of the said peak net worth of Rs 1866.25 lacs.
3. By virtue of the provisions of Section 23(1)(b) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), the Board of Directors of the Company is required to report the fact of such erosion along with its report on the causes for such erosion to the Shareholders of the Company after finalization of the duly audited accounts in the annual general meeting, for consideration by the shareholders in terms of section 23(1)(a)(ii) of the SICA.
4. The Board of Directors of the Company is also required to report such erosion of peak net worth to the Board for Industrial & Financial Reconstruction (BIFR) in the prescribed Form "C", in compliance with the provision of Section 23(1)(a)(i) of the SICA. The Board of Directors of the Company is in the process of complying with the said provision of Section 23(1)(a)(i) of the SICA.
5. A copy of the report of the Board of Directors of Gujarat Poly-AVX Electronics Ltd pursuant to the provisions of section 23(1)(a)(ii) read with section 23(1)(b) of SICA, in regard to the fact of erosion of the peak net worth in the immediately preceding four financial years by more than 50% by its accumulated losses as per the duly audited accounts for the financial year ended on 31st March, 2014, is attached hereto and marked as Annexure 1. The aforesaid report and a copy of annual audited accounts of the Company is also available for inspection by the members at the registered office of the company at B-17/18, Gandhinagar Electronic Estate, Gandhinagar – 382 024, Gujarat between 10:00 a.m. and 4:00 p.m. on all working days (except Saturdays, Sundays and Public Holidays).
6. You are requested to note and consider the fact of erosion in the peak net worth in the immediately preceding four financial years by more than 50% by the Company's accumulated losses as on 31.03.2014 as also the causes for such erosion, at the meeting scheduled for this purpose.

The Board recommends consideration of the proposed resolution for your approval as an ordinary resolution.

Pursuant to Section 102 of the Companies Act, 2013, none of the Directors or Key Managerial Personnel, if any, of the Company or their respective relatives, is in any way concerned or interested in the said resolution except to the extent of their respective shareholding, if any, in the Company.

Also pursuant to Section 102 of the Companies Act, 2013, the special business contemplated herein does not relate to or affect any other company in which not less than 2% of the paid-up share capital is held by the Promoters, Directors or Key Managerial Personnel, if any, of the Company.

By Order of the Board of Director

Registered Office:
B-17/18, Gandhinagar Electronic Estate,
Gandhinagar – 382 024, Gujarat
Place: Gandhinagar
Date: 1st July, 2014

A. H. Mehta
Managing Director



Annexure 1

REPORT OF THE BOARD OF DIRECTORS OF GUJARAT POLY-AVX ELECTRONICS LTD PURSUANT TO THE PROVISIONS OF SECTION 23(1) (a) (ii) READ WITH SECTION 23(1)(b) OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985, (SICA), IN REGARD TO THE FACT OF THE EROSION OF THE PEAK NET WORTH IN THE IMMEDIATELY PRECEDING FOUR FINANCIAL YEARS BY MORE THAN 50% BY ITS ACCUMULATED LOSSES AS PER AUDITED ACCOUNTS FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2014.

Dear Shareholders,

As per the duly finalized audited accounts at the end of the financial year on 31st March, 2014, the accumulated losses of the Company stood at Rs. 1674.25 lacs, which eroded the peak net worth of Rs 1866.25 lacs in the immediately preceding four financial years, i.e. as on 31st March, 2013, by more than 50%. Under Section 23(1)(a) and 23(1)(b) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), a company is required, within a period of 60 days from the date of finalisation of the duly finalized audited accounts of the company for the relevant financial year, to report the fact of such erosion to the Board for Industrial & Financial Reconstruction (BIFR). The Board of Directors of the company is also required to report to its shareholders the fact of such erosion with causes for such erosion by forwarding a report to that effect and holding a general meeting of the shareholders of the company for considering such erosion and, hence, this report.

REASONS FOR EROSION OF 50% OF PEAK NET WORTH

The reasons for erosion of 50% of the peak net worth of the Company (as at 31st March, 2013) by the accumulated losses as on 31st March, 2014, are as under:

Gujarat Poly-AVX Electronics Ltd (GPAEL) supplies electronic components to the Original Equipment Manufacturers (OEMs) from the electronics industry. Electronic components are the building blocks of any electronic system. The company's Components are being serviced primarily to the instrumentation and industrial electronics segment, telecommunications, consumer electronics, electronic manufacturing services (EMS), defence sector, etc. In addition, the company's parts are also sold through a wide network of dealers all over India.

MAJOR REASONS FOR LOW SALES

1. The electronics industry, as a whole, is undergoing a very difficult time with most of the market segments performing very poorly or being static in the last financial year. The overall market scenario was very sluggish, directly affecting the company's sales. The political uncertainty further aggravated the company's woes.
2. Most of the parts supplied by the company to the OEMs are C class items. In view of the market scenario, the OEMs had to resort to cost cutting by importing all their requirements through semi-knocked down (SKD) / completely knocked down (CKD) kits as these are very easy to import at zero customs duty, which directly affecting the company's business.
3. Competition further intensified during this period due to the Chinese imports available in India at very low prices. Consequently, customers who used to stock parts earlier totally stopped stocking and resorted to purchases on a back-to-back orders basis only, as and when required. Domestic purchases were therefore limited to ex-stock items and there was very little time given to produce the parts.
4. In the last couple of years, the emergence of the EMS segment has further compounded the market dynamics. These manufacturers, who now account for almost 30% of the total electronics industry, produce cards to order in bulk for different OEMs with similar product range, thereby reducing cost by automising their processes for mass production. Some of the MNC EMSs have access to global sourcing at very cheap rates. The Indian EMS manufacturers too were left with little choice but to import to be competitive, directly effecting local purchases.



5. Due to the aforementioned reasons, the dealers were burdened with unsold inventories which they offloaded, even if at a loss. Resultantly, purchases for stocking were totally suspended by them and items procured against orders, affecting the company.
6. The automotive segment has been one of the emerging markets for the electronic component industry. Even this segment hit rock bottom during the year as major auto manufacturers reported negative growth due to the recessionary market. Similarly, the telecommunications segment was also hit due to scams and uncertainty.
7. Lastly, the US \$ volatility also adversely affected the company as over 75% of the company's raw materials are imported which directly impacted the production cost. The company has annual pricing contracts with large OEMs and increasing prices takes a long time. Consequently, supplies were shipped at old rates to sustain operations, maintain the top customers and keep inventories within reasonable limits. This severely affected the company's bottomline.

STEPS TAKEN FOR REVIVAL

1. The company has already taken steps to increase its reach in the market. All marketing staff and regions have intensified their efforts to improve on the customer base and thereby increase business. Similarly, aggressive pricing for large volume customers has been formulated so that major requirements are serviced.
2. The company has, over the year, added more products to its existing bouquet of products. These parts are being supplied to the existing customers who want to deal with less number of sources to cut down costs. The company has, therefore, added Tancaps and Active Components like Diodes etc. in its range of products. The company plans to push through the sales of these items to offset the business losses in the market as above.
3. To aggressively meet the competitive pricing, the company is trying to source and stock fast moving finished parts from competitive imported sources for supply to its customers with high volumes and to customers demanding rock bottom prices.

The aforesaid actions are likely to help turnaround the company and to restore its profitability and financial health.

By Order of the Board of Director

A. H. Mehta
Managing Director



E-VOTING INSTRUCTIONS

1. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Extraordinary General Meeting (EGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL [for Members whose email IDs are registered with the Company/ Depository participant(s)]:
 - (i) Members whose e-mail addresses have been registered, need to open the attached PDF file [“gpael.pdf”] received from NSDL, giving your Client ID or Folio No. as default password (the file contains your “User ID” and “Password for e-voting”) and follow steps B (ii) to B (xii) given below to cast your vote.
- B. In case of a Member receives physical copy of the Notice of EGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy]:
 - (i) Members who have not registered their email address can use the *details as provided overleaf of the Attendance Slip.

***EVEN (E Voting Event Number) USER ID PASSWORD/PIN**

- (ii) Launch the internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- (iii) Click on Shareholder – Login
- (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select “EVEN” of Gujarat Poly-AVX Electronics Limited.
- (viii) Now you are ready for e-Voting as the Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.



- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer Ms. Ragini Chokshi of Ragini Chokshi & Co., Practicing Company Secretary, on her E-mail ID: chokshiragini@gmail.com with a copy marked to evoting@nsdl.co.in.
- C. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com.
- D. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
- E. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- F. The e-voting period commences on August 7, 2014 (9:00 am) and ends on August 9, 2014 (6:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. June 30, 2014, may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- G. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut off date i.e. Monday, June 30, 2014.
- H. Since the Company is required to provide members facility to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of June 30, 2014 and not casting their vote electronically, may only cast their vote at the Extraordinary General Meeting.
- I. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- J. The Results shall be declared at the Extraordinary General Meeting of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.polyavx.com and on the website of NSDL within two (2) days of passing of the resolutions at the Extraordinary General Meeting of the Company on 13th August, 2014 and communicated to the BSE Limited.

2. Inspection of documents.

All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered and Corporate Office of the Company during normal business hours on any working day up to the date of the Extraordinary General Meeting of the Company.

GUJARAT POLY-AVX ELECTRONICS LIMITED

FORM OF PROXY

Regd. Office: B-17/18, Gandhinagar Electronic Estate,
Gandhinagar 382 024, Gujarat

Tel No.: 079-23287162/63, **Fax No.:** 079-23287161

Website : www.polyavx.com **CIN :** L21308GJ1989PLC012743

I/We, _____ being the member(s), holding _____ shares of Gujarat Poly-AVX Electronics Limited, hereby appoint:

- 1. _____ of _____ having email – id _____ or failing him
- 2. _____ of _____ having email – id _____ or failing him
- 3. _____ of _____ having email – id _____ as my/our proxy to vote for me/us on my/our behalf at the EXTRAORDINARY GENERAL MEETING of the Company to be held on Wednesday, 13th August, 2014 at 3:00 P.M. at B-17/18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat and at any adjournment thereof in respect of such resolution as are indicated below.

Resolution No.	Resolution	Optional	
		For	Against
Special Business			
1.	To Report the Board for Industrial & Financial Reconstruction (BIFR), New Delhi for erosion of more than 50% of the Peak net worth of the Company as required by Section 23 (1) (a) (ii) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).		

Signed this _____ day of _____ 2014. _____ Signature of the Member

Signature of Proxy _____

Re. 1
Revenue
Stamp

Note: The proxy form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

