

23rd Annual Report 1996-97

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Board of Directors :

Shri R. S. Gajra
Shri K. R. Gajra
Shri S. S. Nagpaul
Shri P. S. Gajra
Shri J. S. Gajra
Shri R. K. Nagar

Chairman & Managing Director
Managing Director
Executive Director
Whole Time Director
Director
Nominee Director (MPSIDC)

Company Secretary:

Deepak Ahuja

Bankers :

State Bank of Indore

Auditors :

M. Mehta & Company
Chartered Accountants
11/5, South Tukoganj,
INDORE - 452 001

Registered Office :

Bharti Bhawan
211/219 P. D'Mello Road,
Fort, MUMBAI - 400 001

Factory :

2-A, Industrial Area No. 1,
A. B. Road,
DEWAS (M.P.) 455 001

Annual General Meeting :

Saturday, 27th Sept. 1997 at 10.00 A.M.
At Bharti Bhawan
211/219 P. D. Mello Road,
Fort, MUMBAI - 400 001

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Note : Members are requested to bring their copy of Annual Report at the meeting.



NOTICE

NOTICE is hereby given that 23rd Annual General Meeting of the Members of the **G.G. AUTOMOTIVE GEARS LIMITED** will be held at the Registered Office of the Company at Bharti Bhawan, 211/219, P.D'Mello Road, Mumbai - 400 001 on Saturday, the 27th day of Sept., 1997 at 10.00 A.M. to transact the following business (es) :

I. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31st March, 1997 and the report of the Directors' & Auditors' thereon

2. To appoint a director in place of Mr. K.R.Gajra, who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint Auditors and fix their remuneration.

II. SPECIAL BUSINESS BY SPECIAL RESOLUTION

4. To consider and if thought fit to pass the following Resolution with or without modification as Special Resolution :

" **RESOLVED THAT** subject to the provisions of the proposed changes in the Companies Act, and pursuant to Section 31 of the Companies Act, 1956 and other applicable provisions if any, the Articles of Association of the Company be altered in the following manner :

Article 7-A be inserted after the existing clause No. 7 of the Articles of Association of the Company."

BUY BACK OF SHARES:

"7-A Subject to the provisions of the Companies Act, 1956 and any other rules and regulations which may be prescribed by the Central Govt., Securities & Exchange Board of India or any other competent authority from time to time. The Company may buy back of its Equity Shares subject to the prior approval of the Members through Special Resolution."

5. To consider and if thought fit to pass the following Resolution with or without modification as Special Resolution :

"**RESOLVED THAT** subject to the approval of the Stock Exchanges and any other concerned authorities, the permission of the Company be and is hereby accorded to delist its Equity Shares of Rs. 10/- each from the all stock Exchanges except the Regional Stock Exchange as the Board of Directors of the Company may consider appropriate and deem fit in the interest of the Members of the Company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to apply to such stock exchanges/ Govt. of India/ SEBI and all the concerned authorities as may be necessary for delisting of the Equity Shares of the Company and to settle any questions or disputes that may arise thereon and to do all such acts, deeds and things as may be required by the appropriate authorities for and on behalf of the Company. "

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

"**RESOLVED THAT** pursuant to provisions of Section 198, 309, 310, 349, 350 and 269 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 the revision in the remuneration and perquisites payable to the Chairman & Managing Director Shri R.S. Gajra with effect from 1st of April, 1997 for the remaining part of his tenure as stated in the explanatory statement annexed to the Notice, be and is hereby approved, ratified and confirmed."

7. To consider and if thought fit to pass the following Resolution with or without modification as Special Resolution :

"**RESOLVED THAT** pursuant to provisions of Section 198, 309, 310, 349, 350 and 269 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 the revision in the remuneration and perquisites payable to the Managing Director Shri K.R. Gajra with effect from 1st of April, 1997 for the remaining part of his tenure as stated in the explanatory statement annexed to the Notice, be and is hereby approved, ratified and confirmed."

8. To consider and if thought fit to pass the following Resolution with or without modification as Special Resolution :

"**RESOLVED THAT** pursuant to provisions of Section 198, 309, 310, 349, 350 and 269 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 the revision in the remuneration and perquisites payable to the Executive Director Shri S.S. Nagpaul with effect from 1st of April, 1997 for the remaining part of his tenure as stated in the explanatory statement annexed to the Notice, be and is hereby approved, ratified and confirmed."

9. To consider and if thought fit to pass the following Resolution with or without modification as Special Resolution :

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"RESOLVED THAT pursuant to provisions of Section 198, 309, 310, 349, 350 and 269 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 the revision in the remuneration and perquisites payable to the Whole-Time Director Shri P.S. Gajra with effect from 1st of April, 1997 for the remaining part of his tenure as stated in the explanatory statement annexed to the Notice, be and is hereby approved, ratified and confirmed."

10. To consider and if thought fit to pass the following resolution with or without modification as Special Resolution to increase the Authorised share Capital of the Company :

" RESOLVED THAT pursuant to provisions of Section 94, 97 and other applicable provisions, if any, of the Companies Act, 1956 the Authorised Share Capital of the Company be and is hereby increased from Rs. 5,50,00,000/- (Rupees Five crore fifty lacs) divided into 55,00,000 Equity Shares of Rs. 10/- each to Rs. 9,00,00,000/- (Rupees Nine crores) by creation of 3,50,000 (Three lacs and fifty thousand) Unclassified Shares of Rs. 100/- (Rupees One hundred) each (and such unclassified Shares may be either Equity with or without voting right Shares or Convertible or Non-Convertible, Cumulative or Non-Cumulative, and may carry such dividend as may be decided by the Directors from time to time) with power to the company to convert the same into Equity Shares at any time and from time to time, to increase, reduce or modify the capital and to divide all or any of the shares in the capital of the Company, for the time being, and to classify and re-classify such shares from shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions, in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions for the time being in force in that behalf."

11. To consider and if thought fit to pass the following resolution with or without modification as Special Resolution to amend the existing Clause V of the Memorandum of Association by substitution of the following clause :

"RESOLVED THAT the Clause V of the Memorandum of Association of the Company be altered and substituted by the following new Clause:

V. The Authorised Share Capital of the Company is Rs. 9,00,00,000/- (Rupees Nine crores) divided into 55,00,000 (fifty five lacs) equity shares of Rs. 10/- (Rupees Ten) each and 3,50,000 (Three lacs and fifty thousand) Unclassified Shares of Rs. 100/- (Rupees One hundred) each (and such unclassified Shares may be either Equity with or without voting right Shares or Convertible or Non-Convertible, Cumulative or Non-Cumulative, and may carry such dividend as may be decided by the Directors from time to time) with power to the company to convert the same into Equity Shares at any time and from time to time, to increase, reduce or modify the capital and to divide all or any of the shares in the capital of the Company, for the time being, and to classify and reclassify such shares from shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions, in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions for the time being in force in that behalf."

12. To consider and if thought fit to pass the following resolution with or without modification as Special Resolution to amend the existing Article No. 4 of the Articles of Association by substitution of the following clause :

"RESOLVED THAT the Article No. 4 of the Articles of Association of the Company be altered and substituted by the following new Clause:

4. The Authorised Share Capital of the Company is Rs. 9,00,00,000/- (Rs. Nine crores) divided into 55,00,000 (fifty five lacs) equity shares of Rs. 10/- (Rupees Ten) each and 3,50,000 (Three lacs and fifty thousand) Unclassified Shares of Rs. 100/- (Rupees One Hundred) each (and such unclassified Shares may be either Equity with or without voting right Shares or Convertible or Non-convertible, Cumulative or Non-Cumulative, and may carry such dividend as may be decided by the Directors from time to time) with power to the company to convert the same into Equity Shares at any time and from time to time, to increase, reduce or modify the capital and to divide all or any of the shares in the capital of the Company, for the time being, and to classify and reclassify such shares from shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with the Articles of Association of the



Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions, in such manner and by such persons as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions for the time being in force in that behalf."

13. To consider and if thought fit to pass the following Resolution with or without modification as Special Resolution :

"RESOLVED THAT pursuant to the provisions of Article & and other applicable provisions, if any, of the Articles of Association of the Company, and Section 80, and 81(1-A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to other necessary approvals of Central Govt., RBI, SEBI, Stock Exchanges etc. wherever required, the Company acting through its Board of Directors (hereinafter referred to as the Board', which term shall be deemed to include any duly authorised Committee or any Director thereof for the time being exercising the powers conferred on the Board by this resolution) of such number of Equity or Preference Shares not exceeding the authorised share capital of the company, which may be either Convertible or Non-Convertible, Cumulative or Non-Cumulative, at par or at premium and in such numbers and to such persons, whether or not such persons are existing shareholders of the company, public or any bodies corporate, financial institutions, foreign institutional investors, mutual funds or any other persons/parties, whether by way of public issue, rights issue, by way of bought-out deals, placements or otherwise as the Board may consider appropriate in one or more tranches, in the manner and on the terms and conditions set out below and/or on such other terms and conditions as may be prescribed by the appropriate authorities while granting such approvals or which the Board may in its absolute discretion consider proper or expedient :

- i) The equity or preference shares to be issued and allotted by the company in the manner aforesaid, will be subject to the provisions of the Companies Act, 1956 and amendment thereto from time to time and Memorandum and Articles of Association of the Company.
- ii) The Equity or Preference share will carry such rate of dividend as the Board may decide in its absolute discretion.
- iii) The rate of dividend may vary for each series of equity or preference shares to be issued.
- iv) The dividend may be either cumulative or noncumulative as the Board may decide.
- v) The equity or preference shares will be redeemed at such price, in one or more installments on expiry

of specified periods as may be agreed to by the Board and the subscriber(s).

- vi) The equity or preference shares to be issued may be with or without voting right as per the provisions of the Companies Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to agree to make such modifications and alterations from time to time as it deems fit and to take all steps as it may deem necessary, desirable or expedient and to resolve all questions or doubts and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the Members of the Company and the decision of the Board shall be final and conclusive."

by order of the Board
for G.G. Automotive Gears Ltd.
Sd/-

DEEPAK AHUJA
Company Secretary

Dewas,
28th June, 1997.

NOTE :

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 the proxy need not be a Member. Proxy in order to be effective must be received by the Company not less than 48 hours before the Meeting.
2. Explanatory Statement setting out the material facts in respect of item no. 4 to 13 is annexed hereto.
3. Register of Members and Share Transfer Book of the Company will remain closed from 22.09.1997 to 27.09.1997 (both days inclusive)
4. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
5. Members desiring of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.

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ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT TO THE SPECIAL BUSINESS :

ITEM NO. 4 :

In view of the Working Group Report on the Companies Act, 1956 the Companies Act, is proposed to, amend to, permit the Companies to buy back of its Share.

To empower the Company its required to amend its articles by addition of new clause No. 7-A after the existing article no. 7 of the Articles Of Association the Company.

In the present liberalised economy, the Company should have powers to purchase its shares, which may help in the restructure of the Share Capital and also provide better results to the Share holders by way of earning per share, book value etc.

Shareholders may consider over the same and requested to pass necessary resolution, approving the alteration in the Articles Of Association of the Company as Special Resolution.

None of the Directors of the Company is interested in the above resolution

ITEM NO. 5:

As the Members are aware that the Company's Equity Shares of Rs. 10/- each, have been listed in Mumbai, Madras, Madhya Pradesh, Delhi & Ahmedabad Stock Exchanges in India. The Company had came into the Capital Market through its Public Issue of 27,80,000 Equity Shares of Rs. 10/- each at a premium of Rs. 20/- each and the Share were got listed in all the Stock Exchanges in terms of the prospectus of the Company.

The Board have considered that the Company's Equity Shares are traded only at the Stock Exchange Mumbai which is also the Regional Stock Exchange for the Company and since listing, there was no trading of the Company's shares in Delhi, Ahmedabad, M.P. and Madras Stock Exchanges. Therefore there is no use to continue the listing of its Equity Shares in these Stock Exchanges, which also increase the paper working which is not in the interest of the Members or the Company itself.

The Board had considered the matter and proposed the resolution as set out in Item No. 5 of the Notice for your approval as a Special Resolution.

All material documents, copy of the Listing Agreements are open for inspection to the Members till the conclusion of the Meeting at the Registered Office of the Company.

None of the Directors of your Company are concerned or interested in the Resolution except in the capacity of the Members.

ITEM NO: 6 to 9 :

Shri R.S. Gajra, Chairman and Managing Director; Shri K R. Gajra, Managing Director; Shri S.S. Nagpaul, Executive Director and Shri P.S. Gajra, Whole Time

Director of the company were appointed with effect from 1st July, 1994 for a period of 5 years by the Members at their 21st AGM held on 30th Sept, 1994 in accordance to the provisions of Sec. 269, 198, 309, 310 read with Schedule XIII of the Companies Act, 1956 on the following remuneration :

	<u>Existing Salary</u>
1. R.S. Gajra Chairman & Mg. Director	Rs. 18000/- p.m.
2. K.R. Gajra Mg. Director	Rs. 18000/- p.m.
3. S.S. Nagpaul Executive Director	Rs. 14000/- p.m.
4. P.S. Gajra Whole-time Director	Rs. 12000/- p.m.

In view of the involvement of the above directors in to the affairs of the company, the board of Director of the company at their meeting held on 29th June, 1997 approved, the revision in the remuneration and perquisites payable to the following directors w.e.f. 1st of April, 1997 for their remaining tenure as stated hereunder .

	<u>Revised Salary</u>
1. R.S. Gajra Chairman & Mg. Director	Rs. 25000/- p.m.
2. K.R. Gajra Mg. Director	Rs. 22000/- p.m.
3. S.S. Nagpaul Executive Director	Rs. 17000/- p.m.
4. P.S. Gajra Whole-time Director	Rs. 15000/- p.m.

With an annual increment due on every first day of April in the next year within maximum permissible limit mentioned in Schedule XIII of the Companies Act, 1956 subject to approval of Board of Directors.

*Perquisites : The following perquisites will be allowed in addition to salary and the total value of these perquisites shall be restricted to an amount as decided by the Board of Directors at the later date.

CATEGORY "A"**Accommodation :**

1. The expenses by the company on hiring furnished accommodation will be subject to the ceiling of 50% of salary, over and above 10% payment by the appointee.
2. In case accommodation is owned by the company, 10% of the salary of the appointee shall be deducted by the company.
3. In case no accommodation is provided by the company, the appointee shall be entitled to House Rent allowance, subject to the ceiling laid down under (1).

The expenditure on gas, electricity, water and furnishings will be borne by the company and the same will be valued as the Income-Tax Rules, 1962, however, subject to ceiling of 10% of salary.

Medical Reimbursement :

Reimbursement of expenses actually incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary for a period of three years.

**Leave Travel Concession :**

For self and family once in a year in accordance with the rules specified and to be specified by the company.

Club Fees :

Shall not include admission and life membership fees.

Personal Accident Insurance :

Premiums not exceeding Rs. 4,000/- Per Annum.

CATEGORY "B"

- 1) Company's contribution towards provident fund subject to a ceiling of 10% of the salary. Contribution to provident Fund will not be considered for including for the computation of ceiling on perquisites to the extent it is not taxable under the Income Tax Act.
- 2) Gratuity Payable in accordance with an approved fund but not exceeding half a month's salary for each completed year of service.

CATEGORY "C"

- i) Car : For Office purpose only.
- ii) Telephone : Personal long distance call shall be billed by the Company.

All the above said Directors shall also be entitled for reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

The Board of Directors of the Company is authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

The Board may accept & consider the reduction, sacrificing the Salary if requested by the above Directors and to, determine and decide the break up the remuneration within the above said maximum permissible limit.

Except Shri R.S. Gajra, Shri K.R. Gajra, Shri S.S. Nagpaul and Shri P.S. Gajra, no other director is concerned or interested in the proposed resolution.

ITEM NO. 10 to 12 :

The present authorised capital of the Company is Rs. 5,50,00,000/- (Rupees Five crores fifty lakhs) divided into 55,00,000 (fifty five lacs) equity shares of Rs. 10/- (Rupees Ten) each. The Company proposed to increase its Authorised Share Capital from Rs. 5,50,00,000/- (Rupees Five crore fifty lacs) divided into 55,00,000 (fifty five lacs) Equity Shares of Rs. 10/- each to Rs. 9,00,00,000/- (Rupees Nine crores) by creation of 3,50,000 (three lacs and fifty thousand) Unclassified Shares of Rs. 100/- (Rupees One hundred) each (and such unclassified Shares may be either Equity with or without voting right Shares or Convertible or Non-Convertible, Cumulative or Non-Cumulative enable

to meet out the long term financial resources for the cost of the new projects under implementation.

The company is considering several avenues for mobilising additional resources and one of them would be by issue of Preference /Equity shares to various categories of investors on such terms and conditions as the Directors may decide.

The substitution of Clause V of the Memorandum of Association and Article 4 of the Articles of Association is, therefore, proposed in accordance with the provisions of Sections 16, 31 and 94 of the Companies Act, 1956.

Those Directors of the Company who may take up any such Preference/Equity shares offered to them, may be deemed to be concerned or interested in the aforesaid resolutions.

A copy of the Memorandum and Articles of Association of the Company, reflecting the substitution as per the respective resolutions, is available for inspection at the Registered Office of the Company.

ITEM NO. 13 :

As stated in the Explanatory Statement at Item Nos. 10 to 12, your company is exploring the possibility of issuing Preference / Equity shares to various categories of investors on such terms and conditions, including as to dividend and in one or more tranches, as the Board may decide. The resolution at Item No.13 of the notice is an enabling resolution to give effect to the aforesaid proposal.

Section 81 of the Companies Act, 1956, provides, inter alia, that where at any time after the expiry of two years from the formation of a company or at any time after expiry of one year from the allotment of shares in that company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares, then such further shares shall be issued to existing shareholders. However, in terms of the provisions of sub-section 1A of Section 81, the shareholders may, by Special Resolution, authorise the Board of Directors of a Company to offer further shares to any person other than existing shareholders. Accordingly, your Directors have proposed the Special Resolution at Item No.13 of the notice.

Those Directors who may take up any such shares offered to them, may be deemed to be concerned or interested in the said item of business.

Your Directors recommend the resolution for your approval as Special Resolution.

by order of the Board
for G.G. Automotive Gears Ltd.
Sd/-

DEEPAK AHUJA
Company Secretary

Dewas,
28th June, 1997