

25th Annual Report 1998-99



Board of Directors :

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

Chairman & Managing Director
Managing 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, 30th Nov. 1999 at 10.00 A.M.
At Bharti Bhawan,
211/219 P. D. Mello Road,
Fort, MUMBAI - 400 001

| Contents | Page |
|-----------------------------|-------------|
| Notice | 1 |
| Director's Report | 1 |
| Auditors' Report | 3 |
| Balance Sheet | 4 |
| Profit & Loss A/c. | 5 |
| Notes on Accounts | 13 |
| Cash Flow Statement | 16 |
| Attendance Slip/Proxy | 17 |

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

**NOTICE**

NOTICE is hereby given to all the members of G.G. Automotive Gears Limited that the 25th Annual General Meeting of the Company will be held on Tuesday, 30th Nov., 1999 at 10.00 A.M. at Bharti Bhawan, 11/219 P.D'Mello Road, Mumbai to transact the following business(es) :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 alongwith the Profit & Loss Account for the year ended that date together with the reports of Auditors' and Directors' thereon.
2. To appoint a Director in place of Shri R.S. Gajra, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri P.S. Gajra, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint the Auditors of the Company and authorising the Board to fix their remuneration.

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

Dewas
30.10. 1999

DEEPAK AHUJA
Company Secretary

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. Proxies in order to effective must be received by the Company not less than 48 hours before the meeting .
2. Register of Members and Share Transfer Book of the Company will be dosed from 26th Nov., 1999 to 30th Nov., 1999 (both days inclusive) in terms of the provisions of Section 154 of the Companies Act, 1956.
3. Members desires 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.

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

Dewas
30.10. 1999

DEEPAK AHUJA
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 25th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

| | (Rs. in Lacs) | |
|-------------------------------|---------------|---------|
| | As on | As on |
| | 31.3.99 | 31.3.98 |
| Sales & other Income | 1367.33 | 1896.07 |
| Profit before Int., Dep & Tax | 140.02 | 152.14 |
| Interest | 79.14 | 85.17 |
| Depreciation | 58.67 | 55.18 |
| Income Tax | - | 1.20 |
| Net Profit | 1.94 | 10.60 |

REVIEW OF THE WORKINGS & FUTURE PROSPECTS -

The manufacturing income during the year under review, went down due to reduction in sale price of the goods manufactured by the Company. We have been able to curtail all of our overheads to become more viable in current competitive age.

During the year, the Company supplied trial batches of pinions to the world's largest locomotive manufacturer General Motors Corp., USA and we are please to inform you that they have approved us under their qualitative supplier's category. Apart from that we have also tried to widen our area of export in another products i.e. Industrial gear box. The Company has supplied a single gear box weighing 10 tonnes for cement industry. The Company has

also designed a new gear box for Oil Expellers. The potential of this area is about Rs. 500 lacs per annum.

Simultaneously, the Company is trying to establish new products in domestic area. In view of this, the Company has launched Liners, Sleeves for automobile segment. This market expands day by day and today it is having potential of about Rs. 90 crore p.a. looking the existing market condition and little delay in the launching, we project ourselves to have atleast 5% share in the year 1999-2000.

The Company has entered into a partnership business with Parts Sales Corporation, Mumbai during the year.

STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT -

Details in terms of Clause 43 of the Listing Agreement, regarding the projections made in the Prospectus of the Company dated 19th Sept., 1995 and actual performance are as under :

OPERATIONS

| | (Rs. in Lacs) | |
|----------------------|---------------|---------|
| | Projections | Actual |
| Sales & other income | 3060.00 | 1367.33 |
| Net Profit after Tax | 265.00 | 1.94 |
| Dividend | 15% | - |

Due to non receipt of allotment money, project could not be implemented, hence actual position is not comparable with projected performance.

SUBSIDIARY COMPANY -

There is no subsidiary Company.

**25th Annual Report
1998-99**
FIXED DEPOSITS -

Your Company has not accepted any deposit in terms of Section 58A of Companies Act, 1956 during the year under review.

DIRECTORS -

In accordance with the Articles of Association of the Company Shri R.S. Gajra and P.S. Gajra who retires by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

AUDITORS -

M/s M.Mehta & Company, Chartered Accountants retire as auditors of the Company and being eligible offer themselves for reappointment.

AUDITORS' REPORT -

The notes on accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

PARTICULARS OF EMPLOYEES -

During the year under review, there was no employee employed to whom, salary more than prescribed limit was paid, hence, information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1998 as amended is not given.

INDUSTRIAL RELATION -

During the year under review, relation between Employees and the Management remain cordial. Board of Directors

express their deep appreciation for the dedicated services rendered by workers, the executive staff & other employees of the company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND EXCHANGE EARNING / OUTGO -

A statement giving particulars prescribed by the Companies (Disclosure of particular in the report of the Board of Directors) Rule, 1988 is annexed.

STATUS OF Y2K COMPLIANCE -

Your Company is taking necessary steps to ensure Y2K compliance. A complete list of equipment covering all machines, computer hardware and software which include(s) all packages and business application systems has been created. All major systems/ software are already Y2K compliant.

ACKNOWLEDGEMENT -

The Board of Directors take this opportunity to express their gratitude to State Bank of Indore, M.P. State Industrial Development Corpn. (Formerly MPAVN), Bhopal, M.P. Financial Corpn., Indore, Industrial Development Bank of India, other Govt. & Semi Govt. Agencies, employees, customers and suppliers for their active support in running the business affairs of the Company.

For & on behalf of the Board of Directors
Sd/-

Dewas
30.10.1999

R.S. GAJRA
Chairman & Mg.Director

ANNEXURE TO DIRECTORS' REPORT

Under Section 217(1)(e) of the Companies Act, 1956

1) CONSERVATION OF ENERGY
(A) Energy Conservation Measures taken :

The Company has taken measures to conserve the consumption of energy, on various sections like Heat Treatment.

(B) Additional Investments and Proposals, if any being implemented for reduction of consumption of energy: Hightech machines to reduce no load power loss.
(C) Impact of measures at (a) & (b) for reduction of energy consumption and consequent impact on the cost of production:

The steps taken in (a) & (b) above had a favourable effect by way of savings in the expenditure on energy consumption during the year even though there has been a substantial rise in the unit price of energy & availability of power from MPEB.

2) TECHNOLOGY ABSORPTION
FORM B
1. Research & Development (R&D) :

- A. Specific areas in which R&D was carried out
- Addition of new product range for domestic & export market.
 - Development of special accessories.
 - Improvement in products & processes.
 - Improvement for reducing the cycle time

B. Benefits derives as a result of the above R&D :

- Better quality
- Cost reduction
- Capacity Increase
- Productivity improvement.

C. Future plan of action :

- Improvement in Production processes.
- New product development.

D. Expenditure on R&D : (Rs. In Lacs) 1997-98

- | | |
|---|---|
| I. Capital- | - |
| II. Recurring | - |
| Total | - |
| III. Total R&D expenditure as % age of total turnover | - |

2. Technology absorption, adaptation and innovation :
A. Efforts in brief, made towards technology absorption:

- Computer aided manufacturing.

B. Benefits derived as a result of the above efforts :

- Product improvement
- Faster Product development
- Cost reduction.

FOREIGN EXCHANGE EARNINGS & OUTGO

1998-99

- | | |
|--------------------------------------|---------|
| - Earning from Export (F.O.B. Value) | 3342444 |
| - Outgo expenses | 642009 |

For & on behalf of the Board of Directors
Sd/-

Dewas
30.10.1999

R.S. GAJRA
Chairman & Mg.Director

AUDITORS' REPORT

The Members,
 G.G. Automotive Gears Ltd
 B O M B A Y

We have audited the attached Balance Sheet of G.G. Automotive Gears Limited, Bombay as at 31st March, 1999 and also the annexed Profit & Loss account of the Company for the year ended on that date and have to report that :

- A) 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.
- B) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- C) In our opinion, proper books of accounts, as required by the Law have been kept by the Company, so far as appears from our examination of the books.
- D) In our opinion, the profit and loss account and for balance sheet have been complied with the requirements of accounting standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956.
- E) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 1999.

AND

- (ii) In the case of the Profit and Loss Account of the profits of the Company for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board, in the terms of section 227(4A) of the Companies Act, 1956 and in terms of information and explanations given to us and on the basis of such check as we considered appropriate, we further report that:

1. The Company has maintained proper records of fixed assets showing full particulars including quantitative details and situations thereof. The fixed assets of the Company have been physically verified by the management during the year and there is a regular program of verification which in our opinion reasonable having regard to the size of the Company and assets and we are informed that no serious discrepancies have been noticed on such physical verification.
2. None of the Fixed Assets have been revalued during the year.
3. The stocks of finished goods, stores and spares and raw material have been physically verified by the management at reasonable intervals during the year.
4. According to the information and explanations given to us in our opinion, the procedure of physical verification of stock followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
5. The discrepancies noticed on physical verification of stock as compared to book records, which have been properly dealt with in the books of account are in our opinion insignificant.
6. In our opinion, valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on same basis as in the preceeding year.
7. The Company has not taken any loans from Companies, Firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956 except interest free loans from some shareholders and trade deposits on such terms and conditions which in our opinion is prima-facie not prejudicial to the interest of the Company.
8. The Company has not given any loans to companies, firms or other parties listed in the register maintained U/s 301 of the Companies Act, 1956 except the Company has given inter corporate deposits to the Companies in which some of the directors are interested at reasonable rate of interest. The recovery of the principal amount & interest is regular and as stipulated.
9. No loans or advances in the nature of loans have been given by the Company except interest free loans given to employees of the Company, the recovery of which wherever stipulated has been generally regular.
10. In our opinion and according to the information and explanations given to us, having regard to the explanation that many of items purchased are of special nature and their prices can not be compared with alternative quotations. There are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for purchases of Stores, Raw Materials, Plant and Machinery, Equipments and other Assets and for Sale of goods.
11. In our opinion and according to the information and explanations given to us there were no transaction of purchases of goods, materials and services made in pursuance of contracts or agreements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50000/- or above in respect of each party except Purchases/Sales made from a Company/Firm in which some of the directors are interested at reasonable market price.
12. The Company has regular procedure for determination of unserviceable or damaged stores and raw materials, however no unserviceable or damaged raw material and stores have been determined during the year.
13. In our opinion and according to the information and explanations give to us the Company has not accepted any deposit from the public within the meaning of Section 58(A) of the Companies Act and the rules framed thereunder.
14. In our opinion the Company has maintained reasonable records for the sale and disposal of realisable scrap. The Company has no by products.
15. In our opinion the Company's present internal audit system is commensurate with its size and nature of business.
16. As explained to us, the Central Government has not prescribed the maintenance of cost records by the Company under section 209(1) (d) of the Companies Act, 1956.
17. The Company has been regular in depositing ESIC and Provident Fund dues with appropriate authorities.
18. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom duty and Excise duty of earlier years which have remained outstanding as at 31st March, 1999 for a period of more than six months.
19. During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices, we have not come across any personal expenses which have been charged to profit and loss account nor we have been informed of such case by the management.
20. In our opinion, the Company is not a sick industrial Company within the meaning of clause (i) of sub-section (1) of section 3 of the Sick Industries Companies (Special Provision) Act, 1985.
21. In respect of the trading activities of the Company, We have been informed that the Company does not have any stock of damaged goods purchased for resale as at the close of the year.

for **M.MEHTA & COMPANY**
 Chartered Accountants
 Sd/-
P.R.BANDI
 PARTNER

Dewas
 30.10.1999