

28th ANNUAL REPORT

2001 - 2002

6/02



G.G. AUTOMOTIVE GEARS LTD.



Board of Directors :

Shri R.S. Gajra

Shri K.R. Gajra

Shri P.S. Gajra

Shri S.S. Nagpaul

Shri J. S. Gajra

Shri R.K. Nagar

Chairman & Managing Director

Managing Director

Whole Time Director

Executive Director

Director

Nominee Director (MPSIDC)

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.

Venue :

Wednesday, 31st July, 2002 at 11.30 A.M.

At Radio Club, Appollo Bunder,

Colaba, Mumbai.

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

**NOTICE**

NOTICE is hereby given that 28th Annual General Meeting of the Members of G.G. Automotive Gears Ltd. will be held on Wednesday, the 31st day of July, 2002 at 11.30 A.M. at Radio Club, Appollo Bunder, Colaba, Mumbai to transact the following business(es):

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date, together with the reports of the Directors' and Auditors' 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 M/s M. Mehta & Co., Chartered Accountants, Indore as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS:**Item No. 5 AUTHORITY FOR ISSUANCE OF SHARE(S) TO OTHER THAN EXISTING SHAREHOLDERS:**

To consider, and if though fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in terms of Section 81(1A) consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall include any committees thereof) pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the Memorandum & Articles of Association of the Company and the existing guidelines of the Securities and Exchange Board of India (SEBI) / Government of India or any other authorities that may be necessary for the purpose and subject to all consents and permissions required by the Law and subject to such conditions and modifications as may be imposed upon and accepted by the Board, to offer and reissuance of the forfeited partly paid up 16,15,900 (Sixteen Lacs Fifteen Thousand Nine Hundred Only) Equity shares of the Company of Rs. 10/- (Rs. Ten) each (on which Rs. 5/- each had been paid up by way of share application money and Rs. 10/- only on account of the Share Premium and forfeited by the Company) to other than the existing share holders of the company for cash @ Rs. 7.00/- (Rupees Seven only) aggregating to Rs. 1,13,11,300/- (Rs. One Crore Thirteen Lacs Eleven Thousand Three Hundred only) to the following persons:

A. PROMOTERS/DIRECTORS:

Sr. No.	Names of the proposed allottee	No. of shares	Amount
a	NIL	NIL	NIL
	TOTAL	NIL	NIL

B. INVESTORS:

Sr. No.	Names of the proposed allottees	No. of shares	Amount
a.	M/s Jem Fiscal Ltd. (and /or its associates) Shahid Bhagat Singh Marg, Fort, Mumbai.	300000	2100000
b.	Hakim Auto Ltd. Mumbai	1315900	9211300
	TOTAL	16,15,900	1,13,11,300

subject to the conditions laid down in the Explanatory Statement annexed to the Notice and that such Equity Shares shall rank in all respect pari passu with the existing Equity shares of the Company save and except that such Equity Share shall rank for and participate in any dividend, if any, declared by the Company in respect of the financial year ending on 31.03.2002 on pro-rata basis and in the normal manner thereafter.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all questions and matters arising out of, and incidental and consequential to the proposed offer and reissuance of Equity Shares and to take all steps, including executing all papers, deeds., documents writing etc. which the Board, in its absolute discretion consider necessary, proper or expedient for giving effect to the above resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make on its own accord or to accept such amendments, modifications, variations and alterations as the Government of India, Securities and Exchange Board of India and / or Stock Exchange(s) or any other authority for the time being in force may stipulate in that behalf.”



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Item No. 6 : Appointment of Director

To consider and if thought fit, to pass with or without modification (s), the following resolution as an ordinary Resolution :

" RESOLVED THAT, Mr. Ulhas Deosthle, in respect of whom the Company has received a notice from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

Place: Dewas.

Date: 02.07.2002

On Behalf of the Board of Directors
For G.G. Automotive Limited,

Sd/-
(K.R. Gajra)
(Managing Director)

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 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. A blank form of proxy is enclosed.
2. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of special business is annexed hereto.
3. Members who are holding company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.
4. Members seeking any information with regard to the proposed resolutions are requested to write to the Company at least one week in advance so as to enable the Management to keep the information ready.
5. The register of members and share transfer books of the Company will remain closed from 28-07-2002 to 31-07-2002 both days inclusive.
6. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready.
7. Members are requested to notify the change, if any, in their address, at the administrative office of the Company.
8. Members/proxies should bring the attendance slip sent herewith duly filed in for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

For Item No. 5

In terms of the Memorandum of Understanding signed on 16-11-2001 and its addendum dated 13.06.02 between the Company and M/s Jem Fiscal Ltd. and/or their Associates & M/s. Hakim Auto Ltd. for financial support, the Company has agreed to provide and re-issue the 16,15,900 partly paid up forfeited Equity shares of Rs. 10/- each for Rs. 7.00/- aggregating to Rs. 1,13,11,300/- only as fully paid up shares.

As the members are aware that the Company has forfeited 16,15,900 Equity shares from the various shareholders due to non payment of final call of Rs. 15/- (Rs. 5/- only on account of Share Capital Account and Rs. 10/- only on account of share premium account) by them and in terms of the Articles of Association of the Company is fully competent to re-issue them to other than the existing members of the Company. Since the reissuance of shares to a specific group in excess of the 15% of the total voting right and paid up share capital, the Company is required to make full disclosure and seek approval from the members by way of special resolution as required U/s 81(1A) of the Companies Act, 1956. The board in terms of the MOU signed proposes the following shares for re-issuance:

1. **ALLOTTEE'S DETAILS:**
 - A. Promoters / Directors:

Sr. No.	Names of the proposed allottees
a.	NIL

The above mentioned allottee(s) from part of Promoter Group.

**B. Investors:**

Sr. No.	Names of the proposed investors
a.	M/s Jem Fiscal Ltd. And / or its Associates, Admn. Office: Shahid Bhagat Singh Marg, Fort, Mumbai.
b.	Hakim Auto Ltd., Mumbai

None of the above mentioned investors have any relations with the existing promoters or persons in control over the Company.

II. INVESTMENT DETAILS:

a) No. and % of shares proposed to be reissued:

16,15,900 Equity Shares of Rs. 10/- each @ Rs. 7.00/- each for cash as fully paid up aggregating to Rs. 1,13,11,300/- representing 34.02% post issue capital.

b) No. & % of shares proposed to be reissued to each of the allottee(s) mentioned above:

A. Promoters / Directors:

Sr. No.	Names of the Proposed allottees	No. of shares	Amount
a.	NIL	NIL	NIL
	TOTAL	NIL	NIL

B. Investors:

Sr. No.	Names of the proposed allottees	No. of shares	Amount
a.	M/s Jem Fiscal Ltd. (and /or its associates) Shahid Bhagat Singh Marg, Fort, Mumbai.	300000	2100000
b.	Hakim Auto Ltd., Mumbai	1315900	9211300
	TOTAL	16,15,900	1,13,11,300/-

Note: Percentage is calculated on capital after the proposed re-issuance of Equity shares to the investors.

c) Price at which re-issuance is proposed

a. Rs. 7.00 per share for each.

b. The price is in accordance with SEBI Guidelines, dated 4th August, 1994 / 30th Nov. 2000.

d) Purpose of and reason of the said re-issuance:

To meet the Working Capital requirement of the Company.

e) Consequential changes, if any, in Board of directors:

No changes in controlling power of the Board of Directors of the Company is envisaged. The existing Directors shall continue as members in the Board after the proposed re-issuance of shares. The investor shall have powers to propose for appointment of Directors in the Board to represent them in the management of the Company as these powers are generally available to all the members of the Company. The existing Directors shall also continue in the Board, without having any effect after the re-issuance of the share

f) Consequent changes, if any, in the share holding pattern of the Company:



1. Shareholding pattern:

		Pre Re-Issuance		Post re-issuance	
		No. of shares	%	No. of shares	%
a.	Promoter group	2600000	82.79	2600000	54.74
b.	Others	533800	17.03	2149700	45.26
c.	Total for all Group	31,33,800	100.00	4749700	100.00

2. Others: (I) Bodies Corporate:

		Pre Re-Issue		Post Re-issue	
		No. of shares	%	No. of shares	%
1.	Shiva Automotive Pvt. Ltd. (1167)	1700	0.06	1700	0.04
2.	Eagle Transport (Madras) Ltd. (1180)	300	0.01	300	0.01
3.	Anmol Investment Pvt Ltd. (1185)	100000	3.19	100000	2.11
4.	Shreenath Investment & Finance Ltd. (1227)	200	0.01	200	0.00
5.	Percept Finserve Pvt. Ltde. (1256)	3400	0.10	3400	0.07
6.	Anuj Agencies Pvt. Ltd. (1662)	6600	0.21	6600	0.14
7.	M/s Benz Gases & Chemical Pvt. Ltd. (1726)	300	0.01	300	0.01
8.	Bikanet Securities Pvt. Ltd. (1880)	200	0.01	200	0.00
9.	Premium Capital Mkt. & Inv. Ltd.	100	0.00	100	0.00
10.	Jem Fiscal Ltd., Mumbai.	-	-	300000	6.32
11.	Hakim Auto Ltd.	-	-	1315900	27.70
Total of Bodies Corporate		112800		1728700	36.40

ii. Manual Funds:

		Pre Re-Issuance		Post re-issuance	
		No. of shares	%	No. of shares	%
a.	Manual Funds	NIL	—	NIL	—
	Total for Manual Funds	NIL	—	NIL	—

iii. Indian Public:

		Pre Re-Issuance		Post re-issuance	
		No. of shares	%	No. of shares	%
a.	Public	390300	12.45	390300	8.22
	Total for public	390300	12.45	390300	8.22



iv. NRIs/FIs/FIIs:

		Pre Re-Issuance		Post re-issuance	
		No. of shares	%	No. of shares	%
a.	Public	19700	0.63	19700	0.41
	Total for public	19700	0.63	19700	0.41

v Employees:

		Pre Re-Issuance		Post re-issuance	
		No. of shares	%	No. of shares	%
a.	Employees	11000	0.35	11000	0.23
	Total for Employees	11000	0.35	11000	0.23

The post re-issuance holding has been calculated based on the current share holding of the entities as increased by the proposed re-issuance.

(g) Consequential changes, if any, in voting rights:

1. Promoter Group:	
a. promoter(s)	Details same as per respective items above.
b. Others	_____ do _____
Total for Promoter Group	_____ do _____
2. Others:	
a. Bodies Corporates	_____ do _____
b. Mutual Funds	_____ do _____
c. Indian Publics	_____ do _____
d. NRIs / FIIs / Fi	_____ do _____
e. Employees	_____ do _____

The voting rights would change accordingly with share holding pattern.

- The said re-issuance would not result in change in control over the Company.
- The auditors' certificate in respect of price is open for inspection at the Registered office of the Company on all working days except Saturdays and Sundays between 11.00 a.m. to 12.00 p.m. prior to the date of the Annual General Meeting and will also be available for inspection at the meeting.
- In terms of provisions of Section 81(1A) of the Companies Act, 1956, Listing agreement and the SEBI guidelines dated 4th August, 1994 / 30th Nov., 2000 the approval of the shareholders of the Company is being Sought for reissuance of equity shares to the investors.
- None of the Directors are concerned or interested in this special resolution.

ITEM NO.6

The Company has received a notice in writing from a member along with a deposit of Rs.500/- proposing the candidature of Mr. Ulhas Deosthle for the office of a Director under the provisions of Section 257 of the Companies Act, 1956.

The Board considers it desirable to receive the benefits out of the experience of Mr. Ulhas Deosthle having regard to his two decades of rich experience in finance and Banking services. The Board recommends the resolution for approval of the members.

None of the Directors are concerned or interested in this resolution.

Your directors propose the above resolution to be passed as ordinary resolution.

Place: Dewas.

Date: 02.07.2002

On Behalf of the Board of Directors
For G.G. Automotive Limited,
sd/-
(K.R. Gajra)
(Managing Director)



DIRECTOR'S REPORT

G.G. AUTOMOTIVE GEARS LTD.

Your Directors have pleasure in presenting the 28th Annual Report together with the Audited accounts of the Company for the year ended 31st March 2002.

FINANCIAL RESULTS:

	(Rs. In Lakhs)	
	2001-02	<u>2000-01</u>
Sales and other Income	2083.16	1349.63
Profit before Int. Dep. & Tax	64.35	130.04
Interest	38.58	83.56
Depreciation	21.21	44.81
Income tax	0.10	0.70
Net profit	4.46	0.98

DIVIDEND:

Since the profits during the year are inadequate for declaration of dividend hence the Board of Directors does not recommend any dividend on its equity shares for the year 2001-2002.

REVIEW OF THE WORKING AND FUTURE PROSPECTS:

During the year under review the company has achieved a considerable increase in its turnover from 13.49 crores to 20.83 crores, Net profit after tax has also increased from Rs. 0.98 Lacs to Rs. 4.46 Lacs

We have also made a breakthrough in development of newer products adopted by DLW with the General Motor USA in the back ground, since we have supplied to General Motors in last 5 to 6 years certain specific Gears.

Another prestigious buyer ALSTOM Australia & Canada are being developed. Repeat orders are in pipe line from ALSTOM.

The Company has also made in Roads in to cement sector for the typical Gear Box parts and its service support system.

The order book from Indian Railways & Automotive sector is also encouraging. The decision to indigenously the Gear Items & procure with in the country locally. The Indian Railways decision to indigenously procure spares & Gears will help the Company to plan for growth & expansion.

SUBSIDIARY COMPANY:

There is no subsidiary Company of your Company.

COST AUDIT:

The company has received notice from Central Government regarding appointment of the cost Auditor. The Central Government has sought Cost Audit for the product which the company has neither manufactured so far nor intend to do so. The company has made representation against the said order.

FIXED DEPOSITS:

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

DIRECTORS:

In accordance with the Articles of Association of the Company Shri R.S. Gajra and Shri P.S. Gajra who retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The proposals regarding their re-appointment as Directors are placed for your approval.

AUDITORS:

M/s M. Mehta & Company, Chartered Accountants of Indore retires as auditors of the Company and being eligible offer themselves for re-appointment.