



G. G. Automotive Gears Ltd.

....geared to keep Railways in motion
A Gajra group Company



29th Annual Report
2002-03



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BOARD OF DIRECTORS :

Mr. Ram S. Gajra	- <i>Chairman</i>
Mr. Kennedy R. Gajra	- <i>Managing Director</i>
Mr. Prem S. Gajra	- <i>Whole Time Director</i>
Mr. Jairam S. Gajra	- <i>Executive Director</i>
Mr. M. M. Yardi	- <i>Non-Executive & Independent</i>
Mr. U. N. Deosthale	- <i>Non-Executive & Independent</i>
Mr. Dilip Patel	- <i>Non-Executive & Independent</i>

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
Tel. : (022) 22692875 / 22655150
Fax : (022) 22655150

WORKS & CORPORATE OFFICE

2-A, Industrial Area No. 1
A. B. Road
Dewas (M. P.) 455 001 (INDIA)
Tel. : (07272) 504802
Fax : (07272) 505310

Website : www.ggautomotive.com

REGISTRARS & SHARE TRANSFER AGENTS ;

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup,
Mumbai - 400 078



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NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of G.G. Automotive Gears Limited will be held on Monday, 15th September 2003 at 4.00 P.M. at M.C. Ghia Hall, K.Dubhash Marg, Fort, Mumbai to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet of the Company as at 31st March, 2003 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri Ram S.Gajra, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Shri Prem S.Gajra, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:

1. A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself and a proxy need not to be a member of the company. Proxies in order to be affective must be received by the company not less than 48 hours before the meeting.
2. Documents referred to in the accompanying notice are open for inspection at the Registered office of the Company during office hours on all working days except Sunday up to the day of Annual General Meeting.
3. The register of members and share transfer books of the company will remain closed from 08/09/2003 to 15/09/2003 (both days inclusive).

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4. Shareholders seeking any information about 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.
5. Members are requested to notify the change, if any, in their address, at the administrative office of the company.
6. Members/ Proxies should bring the attendance slip sent herewith duly filled in for attending the Meeting.
7. Since the securities of your Company have come under the compulsory dematerialization as per the requirements of SEBI, henceforth all the members are requested to get their shares dematerialized at the earliest.

For and on the behalf of the Board of Directors

For G. G. AUTOMOTIVE GEARS LTD

(Kennedy R. Gajra)

Managing Director.

Place : Mumbai

Date : 24th July, 2003



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DIRECTORS' REPORT

Your Directors have pleasure to present the 29th Annual Report together with the audited statements of accounts of the Company for the year ended 31st March 2003.

Financial Results

(Rs. in lacs)

	YEAR ENDED 31/03/2003	YEAR ENDED 31/03/2002
Sales and other Income	2583.56	2083.16
Profit before Interest and Depreciation	72.77	64.35
Less : interest	42.00	38.58
Profit before Depreciation	30.77	25.77
Less : Depreciation	20.19	21.21
Profit before taxation	10.58	4.56
Provision for taxation	0.85	0.10
Profit After taxation	9.73	4.46

OPERATIONS:

During the year under review the sales and other income of your company was Rs. 2583.56 lacs as compared with Rs.2083.16 lacs during previous year which resulted in net profit of Rs. 9.73 lacs as compared with Rs.4.46 lacs during the previous year.

The company is trying to add some more products so as to expand the market and improve the profitability.

DIVIDEND

In view of inadequate profits during the year under review, your directors are unable to recommend any dividend for this year.

DIRECTORS :

Mr. U. N. Deosthale, Mr. M.M. Yardi and Mr. Dilip Patel were appointed as additional directors purely in non-executive and advisory capacity & will not look after day-to-day affairs of the Company.

Mr. U. N. Deosthale is M.Sc. (Physiology) & has two decades of rich experience in finance and banking areas.

Mr. M. M. Yardi is an Ex-banker & retired as General Manager - Bank of India.



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Mr. Dilip Patel is an Engineer & retired as General Manager with SICOM Ltd., Mumbai.

Mr. R. K. Nagar, Nominee Director (MPSIDC) have resigned from the Board during the year since the loan of MPSIDC was fully paid off.

Mr. Ram S. Gajra & Mr. Prem S. Gajra directors retire by rotation in accordance with the Articles of Association in the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required by sub-section (2AA) of Section 217 of The Companies Act, 1956, your Directors hereby confirm as under:

1. That in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit of the Company for that period.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of The Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That the annual Accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES:

There are no employees in the Company, who if employed throughout the financial year, were in receipt of remuneration, whose particulars if so employed, are required to be included in the report of the Directors in accordance with the provisions of Section 217(2A) of The Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975.

Particulars of Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo.

A statement giving details of conservation of energy, technology absorption and foreign exchange earning and outgo in terms of The Company (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed as "Annexure A" hereto and form part of this report.



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PUBLIC DEPOSITS

During the year under review the Company has neither accepted nor invited any public deposits and hence the provisions of Section 58A of The Companies Act, 1956 read with The Companies (Acceptance of Deposits) Rules, 1975 are not attracted and the information relating thereto is nil.

AUDITORS' REPORT :

The observation made in the Auditor's Report are self explanatory and need no further explanations.

STATEMENT PURSUANT TO LISTING AGREEMENT(S)

The Company's securities are listed at Mumbai Stock Exchange, Mumbai besides listed at New Delhi, Chennai, Ahmedabad and Indore. The Company is regular in paying of its listing fees at Mumbai, but the Company is not paying the listing fees of other exchanges as it is in process of getting its shares delisted from these Exchanges.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange(S), a separate section titled 'Corporate Governance' is annexed hereto as "Annexure B" and form part of this report.

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is annexed to this report as "Annexure C".

AUDITORS :

M/s M. Mehta & Company, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible has given a certificate in accordance with the provisions of Section 224 (1) of The Companies Act, 1956 and accordingly offers themselves for reappointment.

ACKNOWLEDGEMENT :

Your Directors take this opportunity to express their gratitude for the assistance and continued cooperation extended by Banks, Government authorities, clients, and suppliers. The Directors are pleased to record their sincere appreciation for the devotion and sense of commitment shown by the employees at all levels and acknowledge their contribution towards sustained progress and performance of your company.

For and On behalf of the Board
For G. G. AUTOMOTIVE GEARS LTD..

Place : Mumbai
Date : 24th July 2003

Kennedy R. Gajra
Managing Director



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ANNEXURE TO THE DIRECTORS' REPORT

Annexure A

Information under Section 217(1)(e) of The Companies Act, 1956 read with The Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report.

FORM A

(Form for Disclosure of Particulars with respect to Conservation of Energy)

Sl. No.	Power and Fuel Consumption (Electricity)	Current Year (2002-03)	Previous Year (2001-02)
1	Purchased unit (KWH) Amount (In Rs.) Rate / Unit (Rs.)	381580 2681267 7.02	578939 3331390 5.75

OUR OWN GENERATION

Sl. No.	Power and Fuel Consumption (Electricity)	Current Year (2002-03)	Previous Year (2001-02)
1	Through D.G.Set unit (KWH) Amount (In Rs.) Rate / Unit (Rs.)	14040.00 21.93 3.10	193878 8.44 3.08

FORM B

(Form For Disclosure Of Particulars with respect to Research & Development And Technology Absorption)

A. Research and Development (R & D)

Your company has not incurred any expenditure on research and development during the year.

B. Technology Absorption, Adoption and Innovation

No imported technology was used and the technology used is entirely indigenous.

C. Foreign Exchange Earnings and Outgo

	2002-03	2001-02
Earning (Rs.)	1200155	3601003
Outgo (Rs.)	20783	Nil

**Annexure B****CORPORATE GOVERNANCE****1. Company's Philosophy on code of Corporate Governance**

Corporate Governance Practices is a set of policies, principles, regulations and procedures. G. G. Automotive Gears Ltd. is committed to good corporate governance practices. Over the years the Company has been disclosing information concerning the performance and future prospects of the Company in its Directors' Report.

During 2002-2003, the Company has put in its best efforts to comply with the corporate governance practices and disclosures alongwith the statutory and regulatory requirements of The Companies Act, 1956, Securities and Exchange Board of India Act, 1992, together with the rules and regulations framed thereunder and the provisions of the Listing Agreement and all other applicable laws. The Company's corporate governance policies and practices in accordance with the provisions of clause 49 of the Listing Agreement are as follows:

2. Board of Directors**a) Composition of the Board:**

The Board of Directors of G. G. Automotive Gears Ltd. consists of seven directors out of which three directors are non-executive & independent directors as required for compliance of Corporate Governance stipulations.

As per the statutory requirements, the Board consists of two-third of the total number of directors as directors liable to retire by rotation.

b) Dates of the Board Meetings and Attendance Record of the Directors :

The following table gives the attendance record of all the directors at the ten board meetings held on 13th June, 2002, 2nd July 2002, 25th July 2002, 31st July, 2002, 25th August, 2002, 21st September, 2002, 17th October, 2002, 29th October, 2002, 22nd January 2003, 25th March, 2003, during the financial year 2002-03, as well as at the last Annual General Meeting.