37th ANNUAL REPORT

BOARD OF DIRECTORS

Mr. Ram Shantiswaroop Gajra	:	Chairman & Managing Director
Mr. Kennedy Gajra	:	Managing Director
Mr. Prem Shantiswroop Gajra	:	Wholetime Director
Mr. Shailendra Ajmera	:	Independent Non Executive Director
Mr. Pravin Kumar Shishodiya	:	Independent Non Executive Director

BANKERS :

Union Bank of India
SSI Branch,
Indore.

AUDITORS :

Kamlesh B Mehta & Company,
Chartered Accountants,
58, Shrikrishna Niwas,
496, Kalbadevi Road,
Mumbai- 400002.

Registered office w.e.f 5th January, 2011.

20/16, Gajra House,
Wadala,
Mumbai – 400 031.

Works :
2-A, I. S. Gajra Industrial Area No. 1,
A. B. Road, Dewas (M.P.) 455 001(INDIA)
Tel.: (07272) 405310 Fax : (07272) 404802
E-mail : marketing@ggautomotive.com

SHARE TRANSFER AGENT :

Purva Sharegistry (India) Pvt. Ltd.
9, Shiv Shakti Industrial Estate, Sitaram Mills
Compound, J. R. Boricha Marg, Opp. Kasturba
Hospital, Lover Parel (East), Mumbai – 400 013

LISTING OF EQUITY SHARES :

The Stock Exchange - Mumbai.

NOTICE

Notice is hereby given that the 37th Annual General Meeting of the members of **G. G. AUTOMOTIVE GEARS LIMITED** will be held on Friday the Sixteenth September, 2011 at 11.00 A.M. at Radio Club, 157, Arthur bunder Road, Colaba Mumbai, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended 31st March 2011 along with notes and schedules thereon as on that date and the reports of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Shailendra Ajmera, who retires by rotation & being eligible offers himself for re-appointment.

3. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion next Annual General Meeting and to fix their remuneration.

By Order of the Board
For **G. G. AUTOMOTIVE GEARS LIMITED**

Sd/-
RAM GAJRA
(CHAIRMAN)

DATE: 12th August, 2011
PLACE: MUMBAI

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 such proxy need not be a member of the company.**

2. **The proxies, in order to be effective must be deposited with the registered office company, not less than 48 hours before the time fixed for the commencement of the meeting.**

3. The Register of Members and Share Transfer Register shall remain closed from Friday the 9th September, 2011 to Friday the 16th September, 2011 (both days inclusive).

4. As a measure of economy, copies of the Annual Reports and Accounts will not be distributed at the Meeting. Members are therefore, requested to bring their copies to the meeting.

5. Members are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.

6. Any members requiring further information on accounts at the meeting are requested to send their queries in writing to the Managing Director of the Company on or before 15th September, 2011.

DIRECTORS' REPORT

To,
The Members,
G. G. AUTOMOTIVE GEARS LIMITED.

Your Directors have great pleasure in presenting their **37th ANNUAL REPORT** along with the Audited Balance Sheet and Profit and Loss Account, for the year ended 31st March, 2011.

FINANCIAL RESULTS:

The financial Results are briefly indicated below :

PARTICULARS	Year ended 31st March 2011(Rs.)	Year ended 31st March 2010(Rs.)
Total Income	18,16,95,629/-	8,95,08,995/-
Total Expenditure	15,30,35,167/-	7,88,19,939/-
Profit before Depreciation and Tax	2,86,60,462/-	1,06,89,056/-
Depreciation	1,39,65,035/-	21,91,901/-
Profit Before Tax	1,46,95,427/-	84,97,155/-
Provision for Taxation	30,00,000/-	13,50,000/-
Profit After Tax	1,16,95,427/-	71,47,155/-
Appropriations:		
- General Reserves	NIL	NIL
- Profit Loss Account	NIL	NIL
Balance of Loss brought forward from Previous Year	23,98,186/-	(11,40,410)
Balance Carried Forward to future years	46,96,546/-	23,98,186/-

FINANCIAL OPERATIONS :

Your Company has earned a total income of Rs. 18,16,95,629/- (Rupees Eighteen crores Sixteen lacs Ninety Five thousand Six hundred Twenty Nine only) including a sales turnover of Rs. 15,35,67,197/- (Rupees Fifteen Crores Thirty Five lacs Sixty Seven thousand One Hundred Ninety Seven Only). However the total expenditure incurred by the Company during the year under review amounted to Rs. 15,30,35,167/- (Rupees Fifteen crores Thirty lacs Thirty Five Thousand One Hundred Sixty Seven Only).

Your Company has posted a net profit of Rs. 46,96,546/- (Rupees Forty Six Lacs Ninety Six Thousand Five Hundred Forty Six Only) during the year under review. As compared to Profit incurred of Rs. 23,98,186/- (Rupees Twenty Three lacs Ninety Eight Thousand One Hundred Eighty Six Only) in previous year.

CONSENT TERMS :

During the year company received consent order from SEBI for the alleged violations under section 15HA and 15A (a) of the Act.

Company made the default good by making payment of Rs.15,00,000/- (Rupees Fifteen Lacs Only) as mentioned in the consent terms.

DIVIDEND :

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

DEPOSITS :

The Company has not accepted any deposits from public within the meaning of section 58A and 58AA of the Companies Act, 1956 and the rules made there under during the year under review.

DIRECTORS :

During the year Mr. Shailendra Ajmera, Director of the Company is retiring by rotation & being eligible offers himselves for re-appointment

SUBSIDIARIES :

Since the Company has no subsidiaries, provision of section 212 of the Companies Act, 1956 do not apply to the Company.

DIRECTOR'S RESPONSIBILITY STATEMENT :

As required under section 217 (2AA) of the Companies Act, 1956 the Board of Directors hereby confirms:

i. That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

ii. That the Directors have selected such accounting policies and applied them consistently and made judgments 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 of the Profit of the Company for that period.

iii. That the Directors have taken proper and sufficient care for the maintenances of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. That the Directors have prepared the Annual accounts on a going concern basis.

CORPORATE GOVERNANCE CODE :

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. Kamlesh B. Mehta & Co., Chartered Accountants, Mumbai, Statutory Auditors of your company hold office until the conclusion of the forthcoming Annual General Meeting and have signified their willingness to be re-appointed and have further confirmed that their appointment if made shall be within the limits specified under Section 224 (1B) of the Companies Act, 1956.

AUDITORS' REPORT

The notes to Auditors Reports are self explanatory and hence no explanation is required from the Board as such.

CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION & FOREIGN EXCHANGE:

Statement giving the particulars relating to conservation of energy, technology absorption & foreign exchange earnings & outgo, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 is attached as Annexure A.

PARTICULARS OF EMPLOYEES:

There are no employees in the Company, who if employed through out 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.

ACKNOWLDEGEMENTS:

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.

By Order of the Board
For **G. G. AUTOMOTIVE GEARS LIMITED**

Sd/-
RAM GAJRA
(CHAIRMAN)

DATE: 12th August, 2011
PLACE: MUMBAI

Annexure 1

Form A : Disclosure of particulars with respect to conservation of Energy.

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 Director's Report.

FORM A

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

Sno	Power and Fuel Consumption (Electricity)	Current Year (2010-11)	Previous Year (2009-10)
1.	Purchased unit (KWH)	1647180	1040358
	Amount (In Rs.)	9926195	5721788
	Rate / Unit (Rs)	6.02	5.49

OUR OWN GENERATION

Sno	Power and Fuel Consumption (Electricity)	Current Year (2010-11)	Previous Year (2009-10)
1.	Through D.S.Set unit (KWH	5789	2800
	Amount (In Rs.)	235040	98684
	Rate / Unit (Rs)	40.60	35.24

FORM B

(Form for Disclousure 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

	Current Year (2010-11)	Previous Year (2009-10)
Earning (Rs)	NIL	NIL
Outgo (Rs)	219.08	188.54

Annexure 2

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure and Development:

Automotive industry is registering steady growth for last number of years. The trend has been upward and gives an indication of bright future. Government announcement of reduced excise duty on vehicles in last budget helped in improving the market sentiments. In line with market developments, the company is also expanding its market by adding more products in its product range.

b) Review of Operations:

Operations of the company has been satisfactory and more particularly described in Directors' Report.

c) Future Plans and Outlook:

Automotive market is on up swing and registering a steady growth. The outlook appears bright.

d) Segment wise Performance:

The company is engaged in manufacturing of automotive parts as well as trading thereof with allied activities. The performance is reflected in the Balance Sheet and Profit and Loss Account.

e) Risk Factors:

The product is influenced by the major changes in Govt. policy.

f) Financial Performance:

Financial performance is forming part of the Directors Repot.

g) Human Resources/industrial Relations:

Your company considers its human resources as its most valuable assets, among all other assets of the company. it has been the policy of the company to promote the talent by providing opportunities to develop themselves within the organization. The company continued to have a very cordial and harmonious relations with its employees.

h) Internal Control System and Adequacy:

Your company has been maintaining an adequate internal control system commensurate with the size and nature of its business.

By Order of the Board
For **G. G. AUTOMOTIVE GEARS LIMITED**

Sd/-
RAM GAJRA
(CHAIRMAN)

DATE: 12th August, 2011
PLACE: MUMBAI

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below:

1. Company's philosophy :

The Corporate Governance code as introduced by Security and Exchange Board of India (SEBI) in pursuance of clause 49 of Listing Agreement is became applicable to the company by March, 2003. The same has been implemented partially by the Company.

The Company believes in maximum utilization of resources at minimum cost and attaining maximum long-term shareholders value.

2. Board of Directors :

The Board of the Company comprises of Five Directors out of which one is Chairman cum Managing Director, one is Managing Director and one is a Director and the remaining two Directors are Non Executive Independent Directors. However, the Company is in the process of finding one suitable person as Independent and Non-Ex. Director, There is no Nominee or Institutional Directors in the Company.

However the Chairman of the Company is executive director, Company has not been complied with clause 49 I A (ii) of listing agreement.

The vacancy of the Independent Non-Executive Director was filled by the company beyond the period of 180 days as prescribed in clause 49(c) (iv) of the Listing Agreement.

None of Directors have pecuniary or Business relationship with the Company other than as mentioned elsewhere in the Annual Report. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he is Director.

The composition of the Board is not in compliance with clause 49 of the listing agreement.

Sr. No.	Name of Director	Category	No. of Board meetings Attended	Attendance at Last AGM	No. Of Other Directorship	No. Of Other Committee membershipin other Companies
1.	Mr. Ram Shantiswaroop Gajra	Chairman & Managing Director	6	Yes	NIL	NIL
2.	Mr. Kennedy Gajra	Managing Director	6	Yes	NIL	NIL
3.	Mr. Prem Shantiswroop Gajra	Director	6	Yes	NIL	NIL
4.	Mr. Shailendra Ajmera	Additional Director, w.e.f. 27.01.2010	6	Yes	NIL	NIL
5.	Mr. Pravin Kumar Shishodiya	Additional Director, w.e.f. 27.01.2010	6	Yes	NIL	NIL

During the year there were in total Six (6) Board Meetings which were held on 5th May, 2010, 14th May, 2010, 30th July, 2010, 10th November, 2010, 5th January, 2011 and 10th February, 2011. The time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes.

Audit Committee :

Pursuant to provisions of section 292(a) of the Companies Act, 1956 and clause 49 of the listing agreement the audit committee shall have minimum three directors as members. Two thirds members of audit committee shall be Independent Directors. The committee consists of Three members out of which 1 member is Promoter Director.

Following is composition of audit committee:

Name of the Member	No. of Committee meetings held	No. of Committee attend
Mr. Pravin Kumar Shishodiya ~ Chairman & Independent Non-Executive	4	4
Mr. Shailendra Ajmera ~ Member & Independent Non ~ Executive Director	4	4
Mr. Ram Gajra ~ Member & Promoter Director	4	4

During the year there were in total 4 audit committee meetings were held on 14th May, 2010, 30th July, 2010, 10th November, 2010, and 10th February, 2011. The time gap between the two meetings was not more than 4 months.

Brief terms of reference of the Audit Committee are as follows:

- Reviewing audit reports of statutory auditors with auditors and management.
- Reviewing financial reporting systems, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory auditor and fixation of audit fees.
- Appointment of statutory auditor and fixing their remuneration
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

3. **Remuneration Committee:**

Pursuant to the provisions of clause 49 of the Listing Agreement, a Remuneration Committee shall have minimum three directors as members; two members of the remuneration committee shall be independent directors.

Disclosure on Remuneration of Directors.

1. All elements of remuneration package of individual Directors summarized under major groups, such as salary benefits, bonuses, stock option, pension etc. – All these managerial persons are drawing only remuneration, the details of the same are mentioned elsewhere in this report in detail.
2. Details of fixed component and performance linked incentives, along with the performance criteria - NIL
3. Service contracts, notice period, severance fees – NIL
4. Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable - NIL

Details of remuneration paid to Directors for the year ended 31st March, 2011.