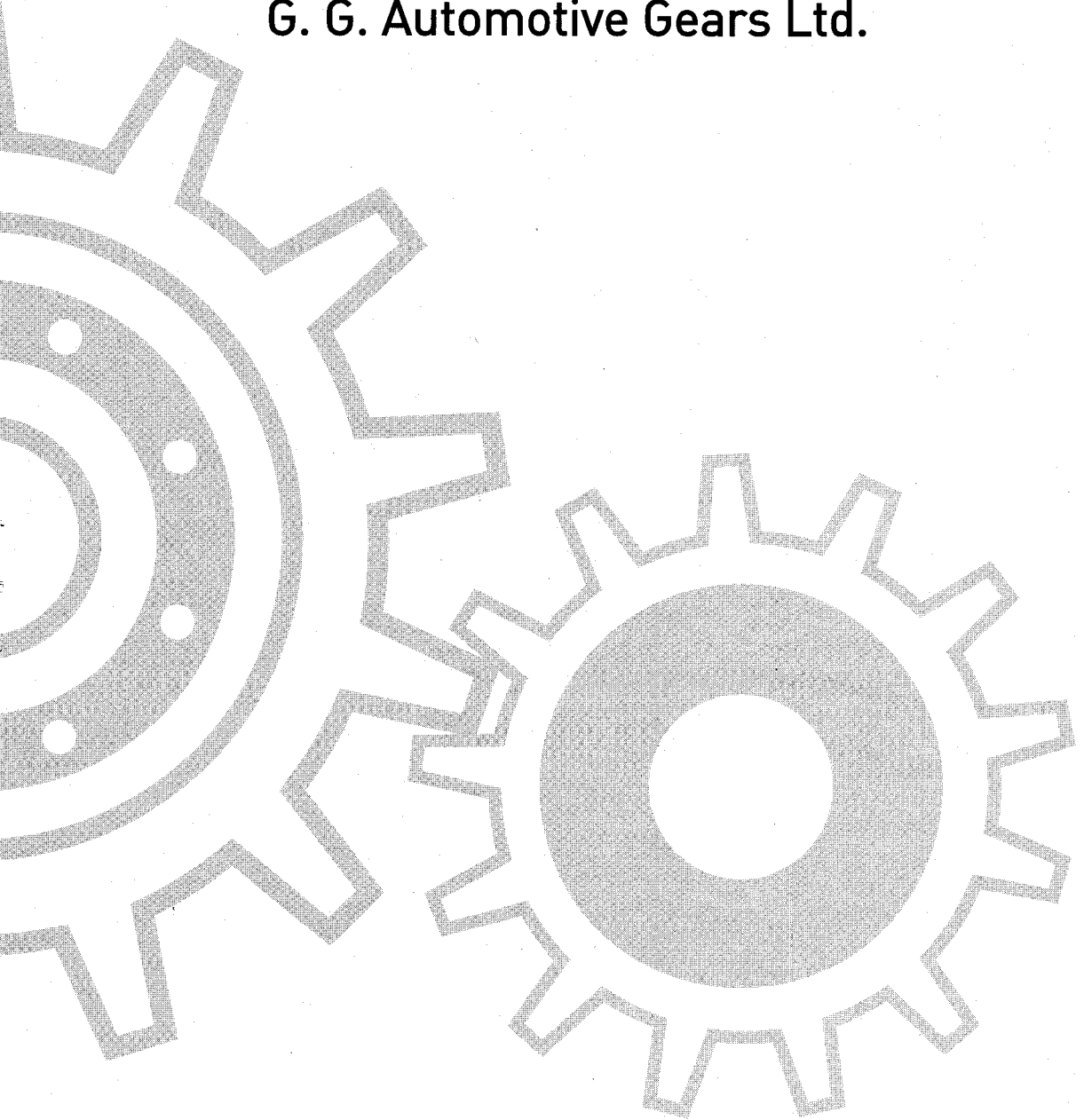




**G. G. Automotive Gears Ltd.**



**38<sup>th</sup> Annual Report 2011-12**

**BOARD OF DIRECTORS**

Mr. Kennedy R. Gajra  
Mr. Ram S. Gajra  
Mr. Shailendra Ajmera  
Mr. Pravin Kumar Shishodiya

Managing Director  
Chairman cum Managing Director  
Non-Executive, Independent Director  
Non-Executive, Independent Director

**BANKERS**

Union Bank of India

**AUDITORS**

Kamlesh B Mehta & Company,  
Chartered Accountants,  
58, Shrikrishna Niwas,  
496, Kalbadevi Road,  
Mumbai- 400 002

**REGISTERED OFFICE**

20/16, Gajra House, First Floor,  
57-SCH, Sewri, Wadala Road # 37,  
Wadala, Mumbai- 400 031

**ADMINISTRATIVE OFFICE**

2-A, I. S. Gajra Industrial Area No. 1,  
A.B. Road, Dewas - 455 001 (MP)  
Email-ggautomotive@yahoo.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  
Contact No. 91 (22) 23016761  
Email-busicomp@vsnl.com

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**NOTICE**

Notice is hereby given that the 38th Annual General Meeting of the members of G. G. Automotive Gears Limited will be held on Friday 29th June 2012 at 11.30 a.m. at Radio Club, 157, Arthur Bunder Road, Colaba, Mumbai- 400005 to transact the following business.

\*\*\*\*\*

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited accounts for the year ended 31st March 2012 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. Pravin Kumar Shishodiya, 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: 15-05-2012  
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 22nd June 2012 to Friday 29<sup>th</sup> June 2012 (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. In furtherance of green initiative in Corporate Governance by Ministry of Corporate Affairs, the shareholders are requested to register their email id with the Company or the Registrar and Transfer Agents.

**DIRECTORS' REPORT**

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

Your Directors have great pleasure in presenting their 38<sup>th</sup> Annual Report along with the Audited Balance Sheet and Profit and Loss Account for the year ended 31<sup>st</sup> March 2012.

**FINANCIAL RESULTS**

The financial Results are briefly indicated below:

(Amt in Rs.)

PARTIULARS	YEAR ENDED	
	2011-2012	2010-2011
Gross Sales and Other Income	30,31,64,312	18,16,95,629
Gross Profit	4,97,54,819	2,86,60,462
Less: Depreciation	1,71,86,262	1,39,65,035
Profit before extra-ordinary and exceptional items	3,25,68,557	1,46,95,427
Less: Extra-ordinary and exceptional items	21,77,517	45,15,477
Less: Provision for Taxation	1,15,17,163	78,81,590
Profit after Tax	1,88,73,877	22,98,360
<b>Appropriations</b>		
General Reserves	-	-
Profit and Loss Account	-	-
Balance brought forward from previous year	46,96,546	23,98,186
Balance carried forward to Balance Sheet	2,35,70,423	46,96,546

**FINANCIAL OPERATIONS**

Your Company has earned a total income of Rs.30,31,64,312/- (Rupees Thirty Crores Thirty One Lakhs Sixty Four Thousand Three Hundred and Twelve). However the total expenditure incurred by the Company during the year under review amounted to Rs. 25,34,09,493/- (Rupees Twenty Five Crores Thirty Four Lakh Nine Thousand Four Hundred and Ninety Three).

Your Company has posted a net profit of Rs. 2,35,70,423/- (Rupees Two Crores Thirty Five Lakhs Seventy Thousand Four Hundred and Twenty Three) during the year under review. As compared to Profit incurred of Rs.46,96,546/- (Rupees Forty Six Lakhs Ninety Six Thousand Five Hundred and Forty Six)

**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. Pravin Kumar Shishodiya, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year Mr. Prem Gajra resigned from the Board of Directors of the Company.

## **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**

The Board is pleased to inform that the Company has complied with the mandatory requirements of the Corporate Governance as detailed in Clause 49 of the Listing Agreement.

A separate statement on Management Discussion and Analysis and Corporate Governance is enclosed as a part of the Annual Report along with the certificate of the Statutory Auditors, Kamlesh B. Mehta & Company, Chartered Accountants confirming compliance of the code of Corporate Governance.

## **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) Amendment Rules 2011.

**ACKNOWLEDGEMENTS**

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 acknowledges 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: 15-05-2012**

**PLACE: MUMBAI**

## Annexure A

**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)**

Sr. No.	Power and Fuel Consumption (Electricity)	Current Year (2011-12)	Previous Year (2010-11)
1	Purchased unit	20,24,660	16,47,180
	Amount (In Rs.)	1,18,04,280	99,26,195
	Rate / Unit (Rs)	5.83	6.02

**Our own generation**

Sr. No.	Power and Fuel Consumption (Electricity)	Current Year (2011-12)	Previous Year (2010-11)
1	Through D.S.Set unit (KWH)	Nil	5789
	Amount (In Rs.)	Nil	235040
	Rate / Unit (Rs)	Nil	40.60

## 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**

The company has installed certain precision equipments which has resulted in enhanced production capacity and better quality product at lower power consumption

**C. Foreign Exchange Earnings and Outgo**

	Current Year (2011-12)	Previous Year (2010-11)
Earning (Rs)	Nil	Nil
Outgo (Rs)	150.33	219.08

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**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.

**Review of Operations:**

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

**Future Plans and Outlook:**

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

**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.

**Risk Factors:**

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

**Financial Performance:**

Financial performance is forming part of the Directors Report.

**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 very cordial and harmonious relations with its employees.

**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: 15-05-2012**

**PLACE: MUMBAI**



## REPORT ON CORPORATE GOVERNANCE

### 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 Four Directors out of which one is Chairman cum Managing Director, one is Managing Director and the remaining two Directors are Non Executive, Independent Directors. However, there is no Nominee or Institutional Directors in the Company.

The Chairman of the Board is an Executive Director and the Board of Directors of the Company consists of fifty percent Non-Executive Independent Directors. This is in compliance with the clause 49(I) (A) 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.

Sr. No.	Name of Director	Category	No. of Board meetings Attended	Attendance at Last AGM	No. of Other Directorship	No. of other Committee membership in other Companies
1.	Mr. Ram Gajra	Chairman & Managing Director	05	Yes	NIL	NIL
2.	Mr. Kennedy Gajra	Managing Director	05	Yes	NIL	NIL
3.	Mr. Shailendra Ajmera	Non-Executive Independent Director	05	Yes	NIL	Vaishnav Fibre Limited
4.	Mr. Pravin Kumar Shishodiya	Non-Executive Independent Director	05	Yes	NIL	NIL

During the year there were in total Five (5) Board Meetings held on 5<sup>th</sup> May 2011, 12<sup>th</sup> August 2011, 10<sup>th</sup> November 2011, 27<sup>th</sup> December 2011 and 10<sup>th</sup> February 2012. 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 292A 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 meetings attend
Mr. Pravin Kumar Shishodiya Chairman & Independent Non-Executive Director	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 5<sup>th</sup> May 2011, 12<sup>th</sup> August 2011, 10<sup>th</sup> November 2011 and 10<sup>th</sup> February 2012. The time gap between the two meetings was not more than 4 months.

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

- a) Reviewing audit reports of statutory auditors with auditors and management.
- b) Reviewing financial reporting systems, internal control systems and control procedures.
- c) Ensuring compliance with regulatory guidelines.
- d) 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.
- e) Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory auditor and fixation of audit fees.
- f) Appointment of statutory auditor and fixing their remuneration.
- g) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- h) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

#### **Remuneration Committee**

Pursuant to the provisions of clause 49 of the Listing Agreement, a Remuneration Committee shall have minimum three directors as members; All of whom should be Non-Executive Directors.

Disclosure on Remuneration of Directors-

- a) 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.
- b) Details of fixed component and performance linked incentives, along with the performance criteria - NIL
- c) Service contracts, notice period, severance fees – NIL
- d) Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable - NIL