

---

# G. G. AUTOMOTIVE GEARS LIMITED

---

## 37<sup>th</sup> 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 5<sup>th</sup> 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.

---

1. The first part of the document is a list of names and addresses of the members of the committee.

2. The second part is a list of the names of the members of the committee.

3. The third part is a list of the names of the members of the committee.

4. The fourth part is a list of the names of the members of the committee.

5. The fifth part is a list of the names of the members of the committee.

6. The sixth part is a list of the names of the members of the committee.

7. The seventh part is a list of the names of the members of the committee.

8. The eighth part is a list of the names of the members of the committee.

9. The ninth part is a list of the names of the members of the committee.

10. The tenth part is a list of the names of the members of the committee.

11. The eleventh part is a list of the names of the members of the committee.

12. The twelfth part is a list of the names of the members of the committee.

# **G. G. AUTOMOTIVE GEARS LIMITED**

## **NOTICE**

Notice is hereby given that the 37<sup>th</sup> 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 31<sup>st</sup> 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: 12<sup>th</sup> 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 9<sup>th</sup> September, 2011 to Friday the 16<sup>th</sup> 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 15<sup>th</sup> September, 2011.

**DIRECTORS' REPORT**

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

Your Directors have great pleasure in presenting their **37<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, 2011.

**FINANCIAL RESULTS:**

The financial Results are briefly indicated below :

<b>PARTICULARS</b>	<b>Year ended 31<sup>st</sup> March 2011(Rs.)</b>	<b>Year ended 31<sup>st</sup> March 2010(Rs.)</b>
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/-
<b>Appropriations:</b>		
- 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.

## **G. G. AUTOMOTIVE GEARS LIMITED**

---

### **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 himself 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.

**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 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: 12<sup>th</sup> 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 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**

	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 Report.

**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: 12<sup>th</sup> 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 membership in 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 5<sup>th</sup> May, 2010, 14<sup>th</sup> May, 2010, 30<sup>th</sup> July, 2010, 10<sup>th</sup> November, 2010, 5<sup>th</sup> January, 2011 and 10<sup>th</sup> 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 14<sup>th</sup> May, 2010, 30<sup>th</sup> July, 2010, 10<sup>th</sup> November, 2010, and 10<sup>th</sup> 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 31<sup>st</sup> March, 2011.

## G. G. AUTOMOTIVE GEARS LIMITED

### Executive Directors

(Amt. In Rupees)

Name	Remuneration (p.a.)
Mr. Kennedy Gajra	15,00,000
Mr. Ram Shantiswaroop Gajra	6,00,000

Following is the list of Non-Executive Directors and their Shareholdings in the Company.

Sr.No	Name of the Non-Executive Directors	Number of Equity Shares	Sitting fees	Non convertible Instruments
1.	Mr. Shailendra Ajmera	100	NIL	Nil
2.	Mr. Pravin Kumar Shishodiya	1,332	NIL	Nil

### C. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee comprises of 3 (Three) Members, The Committee consists of three Directors out of which one Director is Promoter Director and other two is Independent Non Executive Directors. The committee looks into the shareholder and investors grievances that are not settled at the level of Compliance Officer and helps to expedite the share transfers and related matters.

The Attendance at the Shareholders Committee Meeting was as under :

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

### Name, designation & address of Compliance Officer:

Name: Ram Gajra.

Designation: Compliance officer.

Address: Bharati Bhavan, 211/219, P.D'Melloo Road,  
Mumbai - 400 001

### 1. General Body Meetings:

Details of last three Annual General Meetings are given below :

Financial Year	Date	Time	Venue	Special Resolution(s)
2007-08	30-09-2008	11.00 a.m.	Registered office	N.A
2008-09	30-09-2009	11.00 a.m.	Registered office	N.A
2009-10	30-09-2010	11.00 a.m.	Registered office	N.A

No special resolutions were put through postal ballot as all the above special resolutions were voted unanimously by show of hands.

### 2. Disclosures:

- d During the year under review, besides the transactions reported elsewhere in the Annual Report, there were no other related party transactions with the Promoters, Directors, the management or their subsidiaries or relatives that may have potential conflict with the interest of the company at large.

There were no instances of Non-compliance on any matter related to the capital market during the past three years and no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI. except 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.

**3. Means of Communication:**

The quarterly/yearly results are submitted with delay to stock Exchanges by the Company. Further, the Company does not have its website and it is in the process of developing the website.

No presentation was made during the year either to Institutional Investors or to the analysts.

Management Discussion & Analysis Report is attached herewith forming part of the Annul Report.

**4. General Shareholders Information:**

- i. The 37<sup>th</sup> Annual General Meeting is scheduled to be held on Friday the 16<sup>th</sup> September, 2011 at 11.00 A.M. at Radio Club, 157, Arthur bunder Road, Colaba Mumbai.
- ii. The Financial year of the company is from April to March.

The financial calendar is as per following.

First quarter results (30 <sup>th</sup> June)	August, 2011
Mailing of Annual Reports	4 <sup>th</sup> week of August, 2011
Annual General Meeting	16 <sup>th</sup> September, 2011
Payment of Dividend	N.A.
Second quarter results (30 <sup>th</sup> September)	2 <sup>nd</sup> week of November, 2010
Third quarter results (31 <sup>st</sup> December)	2 <sup>nd</sup> week of February,2011
Fourth quarter / Annual Results	2 <sup>nd</sup> Week of May, 2011

- iii. Book Closure dates are from Friday the 9<sup>th</sup> September, 2011 to Friday the 16<sup>th</sup> September, 2011.
- iv. The Board of Directors have not proposed any dividend for the current financial Year.
- v. The company's shares are listed at Bombay Stock Exchange, Indore Stock Exchange, New Delhi Stock Exchange, Ahmedabad Stock Exchange & Chennai Stock Exchange, out of which Bombay Stock Exchange is a Regional Stock Exchange. The trading on the said Bombay Stock Exchange has been suspended due to non-compliance of the Listing Agreements. The Board is in process of complying with the same and revocation of suspension.
- vi. **Stock Code:**  
Demat – ISIN No. Of NSDL & CDSL:
- vii. **Market Price Data (Bombay Stock Exchange).**  
Since the Company Shares were suspended for trading the market price data is not available.
- viii. **Registrar and Transfer Agent.Purva Sharegistry (India) Pvt. Ltd**

9, Shiv Shakti Industrial Estate, Sitaram Mills Compound, J. R. Boricha Marg, Opp. Kasturba Hospital, Lower Parel (East), Mumbai – 400 013.

**ix Share Transfer System :**

Share Transfer in physical form can be lodged with Purva Sharegistry (India) Pvt. Ltd at the above mentioned address. The transfers are normally processed within 10-12 days from the date of receipt if the documents are complete in all respects. The shares in dematerialized mode are transferred through depositories.

**x. Distribution of Shareholding as on 31<sup>st</sup> March, 2011.**

Share holding of Nominal Value of Rs.	Shareholders No.	% of Total	Share Amt. Rs.	% of Total
UPTO 5,000	3487	64.56	8798320	11.11
5001-10,000	967	17.90	8340010	10.54
10,001-20,000	463	8.57	7387000	9.33
20,001-30,000	175	3.24	4580620	5.79
30,001-40,000	95	1.76	3381450	4.27
40,001-50,000	58	1.07	2741460	3.46
50,001-1,00,000	95	1.76	6799550	8.59
1,00,001 AND ABOVE	61	1.13	37133260	46.91
TOTAL	5401	100.00	79161670	100

**xi. Dematerialization of securities and liquidity.**

Your Directors are pleased to report that the Company is having connectivity from the Central Depository Services Limited (CDSL) and National Depository Services Limited (NSDL) to provide facilities to all members and investors to hold the Company's Shares in Dematerialized Form. Equity Shares of the Company may be held in Electronic Form

The company's shares were dematerialized, Tripartite agreement executed between NSDL and the Company as on 31<sup>st</sup> March 2011, 38,80,940 equity shares were representing 49.03% were held in demat form in NSDL.

The company's shares were dematerialized, Tripartite agreement executed between CDSL and the Company as on 31<sup>st</sup> March, 2011, 18,23,478 Equity Shares representing 23.03% were held in Demat form in CDSL & the balance 22,11,749 Equity Shares representing 27.94% were in physical form

**xii. Company has not issued ESOP or any GDRs /ADRs /Warrants /Convertible instrument.****xiii. Plant Locations.**

The Company's Plants are located at the following address:  
2A, Industrial Area, 1 A.B. Road,  
Dewas 455 001.

**xiv. Address for correspondence:**

Shareholders of the company can send correspondence at company's Share & Transfer Agent's Office or at the administration office of the company situated at the following address:

Bharti Bhawan 211/219  
P D Mello Road,  
Mumbai - 400 001.

**AUDITORS' REPORT ON CORPORATE GOVERNANCE**

To,  
The Board of Directors,  
**G. G. AUTOMOTIVE GEARS LIMITED.**  
Bharti Bhawan 211/219  
P D Mello Road,  
Mumbai – 400 001.

We have reviewed the implementation of Corporate Governance produced by the company during the year ended **31<sup>st</sup> March, 2011**, with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination is neither an audit nor an expression of opinion of the financial statements of the company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied in all material respects with the conditions of Corporate Governance stipulated in the Clause 49 of the Listing Agreement with the Stock Exchanges except clause 49 (1A).

We further state that our examination of such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Kamlesh B. Mehta & company**  
Chartered Accountants

Sd/-  
**Kamlesh Mehta**  
(Proprietor)

Membership No. 36323

Place : Mumbai  
12th August 2011

# **G. G. AUTOMOTIVE GEARS LIMITED**

## **CEO/CFO CERTIFICATION**

To,  
The Board of Directors,  
G. G. AUTOMOTIVE GEARS LIMITED  
Bharti Bhawan,  
211/219, P D Mello Road,  
Mumbai – 400 001.

We hereby certify that for the financial year, ending 31<sup>st</sup> March, 2011 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We further certify that:
  - a. There have been no significant changes in internal control during the year;
  - b. There have been no significant changes in accounting policies during the year.
  - c. There have been no instances of significant fraud of which we are become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

FOR G. G. AUTOMOTIVE GEARS LIMITED

Sd/-  
Mahavir Prasad Joshi  
(CEO)

Sd/-  
Narayan Shrivastava  
(CFO)

Date: 12<sup>th</sup> August, 2011  
Place: Mumbai

## **DECLARATION**

I, Mahavir Prasad Joshi, CEO of the Company hereby declare that all Board members and senior management personnel have affirmed compliance with the code on an annual basis.

FOR G. G. AUTOMOTIVE GEARS LIMITED

Sd/-  
Mahavir Prasad Joshi  
(CEO)

Date: 12<sup>th</sup> August, 2011  
Place: Mumbai

## AUDITORS' REPORT

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

We have audited the attached Balance Sheet of **G.G.AUTOMOTIVE GEARS LIMITED** as on **31st March, 2011**, and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, vide notification No.G.S.R-766 (E) dated 25 November, 2004 (CARO) and on the basis of such checks of the books of Accounts and records of the Company, as we considered appropriate and according to the information and explanations given to us, we enclose in the annexure a Statement on the matters specified in the said order.

Further to our comments in the Annexure referred to above, we Report that:

2. (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, books of accounts as required by law have been kept by the company, so far as, appears from our examination of the books.
- (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with books of accounts.
- (d) In our opinion, the Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards, to the extent applicable, specified by the I.C.A.I. referred to in Sub Section (3) (c) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2011, from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us the accounts read with schedule " S ", on the Significant Accounting Policies and the Notes thereon, give the information required by the Companies Act, 1956 in the manner so required Give a True and Fair view:

- a. In the case of the Balance Sheet of the affairs of the company as at 31<sup>st</sup> March, 2011.  
AND
- b. In the case of the Profit & Loss Account of the Profit of the Company for the year ending on that date.  
AND
- c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Kamlesh B. Mehta & Company**  
Chartered Accountants

Sd/-  
**Kamlesh Mehta**  
Proprietor

Place : Mumbai  
Date : 5th May, 2011

## **G. G. AUTOMOTIVE GEARS LIMITED**

### **ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE REPORT OF THE AUDITORS ON THE ACCOUNTS OF G.G. AUTOMOTIVE GEARS LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH' 2011**

- 1 (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A major portion of the assets has been physically verified by the management in accordance with the phased programme of verification adopted by the company. In our opinion, the frequency of verification is reasonable. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- (c) Based on our scrutiny of records of the company and the information and explanations received by us, we report that there is nothing which affect going concern concept of the company.
- 2 (a) The inventory has been physically verified by the management during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) The procedure followed by the management for physical verification of stocks is reasonable and adequate in relation to the size of the company and nature of its business.
- (c) On the basis of our examination of stock records, we are of the opinion that the record of stocks is fair and proper in accordance with the normally accepted accounting principles and no material discrepancies were noticed on physical verification.
- 3 (a) The company has raised unsecured loans in line with a stipulation by institutions.
- (b) In our opinion and according to the information and explanations given to us, the terms and conditions of the unsecured loans taken by the company are not prima facie prejudicial to the interest of the company.
- (a) The company has not granted any loan secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (c) According to the information and explanations given to us, the company is regular in repaying the principal amounts as stipulated.
- (d) There is no overdue amount of loans taken from companies, firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our random checking, no major weaknesses have been noticed in the internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered into the register required to be maintained under that section.
- (b) In our opinion and according to the information available the transactions made in pursuance of such contracts or arrangements have been made at prices, which are reasonable, having regard to the prevailing market prizes at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed there under.

7. In our opinion, the company is in the process of establishing internal audit system commensurate with the size and nature of its business.
8. The company is not covered under the clause regarding maintenance of cost records as prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.
9. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
10. The company is not a sick industrial company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985.
11. According to information and explanation given to us the company has not defaulted in repayment of dues to any financial institution or bank except some delays. The company has not issued any debentures.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities
13. Being a Manufacturing company, the provision of any special statute applicable to nidhi/mutual benefit fund/societies is not applicable to the company.
14. There were no dealing or trading in shares, securities, debentures and other investments held by the company.
15. The company has not given any guarantee to any bank or financial institution for loan taken by others.
16. The term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. There was no debenture issue during the year.
20. No money was raised by public issues by the company during the year under audit.
21. No fraud on or by the company has been noticed or reported during the year.

For **Kamlesh B. Mehta & Company**  
Chartered Accountants

Sd/-  
**Kamlesh Mehta**  
Proprietor

Place : Mumbai  
Date : 5th May, 2011

# G. G. AUTOMOTIVE GEARS LIMITED

## BALANCE SHEET AS ON 31.03.2011

PARTICULARS	SCHEDULE	AS ON 31.03.2011	AS ON 31.03.2010
<b>SOURCES OF FUNDS :</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	'A'	79,161,670	79,161,670
Reserves & Surplus	'B'	<u>10,498,676</u>	<u>8,200,316</u>
		<u><b>89,660,346</b></u>	<u><b>87,361,986</b></u>
<b>LOAN FUNDS</b>			
Secured Loans	'C'	60,747,370	36,331,399
Unsecured Loans	'D'	60,705,853	30,426,168
<b>DEFERRED TAX LIABILITIES (NET)</b>		<u>16,017,189</u>	<u>11,295,727</u>
		<u><b>137,470,412</b></u>	<u><b>78,053,294</b></u>
<b>TOTAL</b>		<u><b>227,130,758</b></u>	<u><b>165,415,280</b></u>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS</b>			
Gross Block	'E'	228,673,700	181,777,624
Less: Depreciation		105,017,519	91,052,484
Net Block		<u>123,656,181</u>	<u>90,725,140</u>
		<u><b>123,656,181</b></u>	<u><b>90,725,140</b></u>
<b>INVESTMENTS</b>			
	'F'	2,000	2,000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
	'G'		
Inventories		49,399,015	15,026,577
Sundry Debtors		49,468,742	58,278,427
Cash & Bank Balances		12,614,584	7,543,193
Loans and Advances		35,918,545	54,491,494
<b>TOTAL CURRENT ASSETS</b>		<u>147,400,886</u>	<u>135,339,691</u>
		<u><b>147,400,886</b></u>	<u><b>135,339,691</b></u>
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>			
	'H'		
Current Liabilities		41,486,309	59,737,915
Provisions		3,000,000	1,971,636
<b>TOTAL CURRENT LIABILITIES</b>		<u>44,486,309</u>	<u>61,709,551</u>
<b>NET CURRENT ASSETS</b>		<u><b>102,914,577</b></u>	<u><b>73,630,140</b></u>
		<u><b>102,914,577</b></u>	<u><b>73,630,140</b></u>
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)	'I'	558,000	1,058,000
		<u>558,000</u>	<u>1,058,000</u>
<b>TOTAL</b>		<u><b>227,130,758</b></u>	<u><b>165,415,280</b></u>
		<u><b>227,130,758</b></u>	<u><b>165,415,280</b></u>
<b>NOTES ON ACCOUNTS</b>			
	'S'	0	-
		<u>0</u>	<u>-</u>

Schedule A to S' attached are integral part of the Balance Sheet and profit & Loss A/c  
As per our Report of even date attached.

**Kamlesh B. Mehta & Co.**  
Chartered Accountants

On behalf of the Board

Sd/-  
**Kamlesh Mehta**  
Proprietor

Sd/-  
**R.S.GAJRA**  
CHAIRMAN &  
MG. DIRECTOR

Sd/-  
**K.R. GAJRA**  
MANAGING DIRECTOR

Place : Mumbai  
Date : 05-05-2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

PARTICULARS	SCHEDULE	AS ON 31.03.2011	AS ON 31.03.2010
<b>INCOME :</b>			
Sales	'Q'	153,567,197	53,326,825
Job Work		26,544,494	35,911,376
Other Income	'R'	1,583,938	270,794
		<u>181,695,629</u>	<u>89,508,995</u>
<b>EXPENDITURE :</b>			
Materials	'J'	82,413,761	34,683,713
Manufacturing	'K'	27,927,670	14,458,367
Employees	'L'	14,974,234	12,504,621
Office & Administrative	'M'	7,895,528	5,633,352
Selling & Distribution	'N'	7,873,815	15,966,056
Interest & Finance Charges		6,213,268	3,739,169
Others	'O'	6,218,779	5,177,341
(Increase)/Decrease In Stock	'P'	(481,888)	(13,342,680)
		<u>153,035,167</u>	<u>78,819,939</u>
<b>PROFIT BEFORE DEPRECIATION &amp; INCOME TAX</b>		<b>28,660,462</b>	<b>10,689,056</b>
Less : Depreciation		13,965,035	2,191,901
Less : Provision for Income Tax		3,000,000	1,350,000
			-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>11,695,427</b>	<b>7,147,155</b>
Add/(Less) : Deferred Tax Liabilities		(4,721,462)	(1,928,559)
<b>Net Profit for the year</b>		<b>6,973,965</b>	<b>5,218,596</b>
Prior year exp		(4,515,477)	(1,680,000)
Less : Taxes for earlier years		(160,128)	-
		<u>2,298,360</u>	<u>3,538,596</u>
Add/Less : Balance brought forward		2,398,186	(1,140,410)
<b>Net Balance Carried Forward to Balance Sheet</b>		<b>4,696,546</b>	<b>2,398,186</b>

**NOTES ON ACCOUNTS**

'S'

Schedule A to S' attached are integral part of the Balance Sheet and profit & Loss A/c  
As per our Report of even date attached.

**Kamlesh B. Mehta & Co.**  
Chartered Accountants

On behalf of the Board

Sd/-  
**Kamlesh Mehta**  
Proprietor

Sd/-  
**R.S.GAJRA**  
CHAIRMAN &  
MG. DIRECTOR

Sd/-  
**K.R. GAJRA**  
MANAGING DIRECTOR

Place : Mumbai  
Date : 05-05-2011

## G. G. AUTOMOTIVE GEARS LIMITED

### SCHEDULES FORMING PART OF BALANCESHEET AS ON 31/03/2011 AND PROFITABILITY STATEMENT FOR THE YEAR ENDED 31/03/2011

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>SCHEDULE "A"</b>		
<b>SHARE CAPITAL AUTHORISED</b>		
8000000 Equity Shares of Rs. 10/- each (Previous year 80,00,000 shares of Rs. 10/- each )	80,000,000	80,000,000
	<u>80,000,000</u>	<u>80,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b> (7916167 Equity Shaes of Rs. 10/- each fully paidup	79,161,670	79,161,670
	<u>79,161,670</u>	<u>79,161,670</u>
<b>SCHEDULE "B" RESERVES &amp; SURPLUS</b>		
<b>A) SHARE PREMIUM</b> Balance as per last Balance Sheet	5,802,130	5,802,130
	<u>5,802,130</u>	<u>5,802,130</u>
<b>B) PROFIT &amp; LOSS ACCOUNT</b> Balance as per Last Balance Add/Loss : Profit(loss) during the year	2,398,186 2,298,360	(1,140,410) 3,538,596
TOTAL (A)	<u>5,802,130</u>	<u>5,802,130</u>
TOTAL (B)	<u>4,696,546</u>	<u>2,398,186</u>
TOTAL (A+B)	<u>10,498,676</u>	<u>8,200,316</u>
<b>SCHEDULE "C"</b>		
<b>SECURED LOANS :</b>		
(A) UNION BANKOF INDIA TERM LOAN	982,051	2,346,682
(B) UNION BANK OF INDIA ( WORKING CAPITAL)	26,086,112	13,542,117
(C) UNION BANK OF INDA VEHICLE LOAN I	521,250	805,738
(D) UNION BANK OF INDA VEHICLE LOAN II	975,000	74,500
(E) HOFLER MASCHINE BAUGMBH GERMANY (CREDIT FOR MACHINERY)	32,182,957 <u>60,747,370</u>	19,562,362 <u>36,331,399</u>
<b>SCHEDULE "D"</b>		
<b>UNSECURED LOANS</b>		
From Members	50,000	50,000
From Directors	28,946,189	28,922,509
Customer Credit Balance	31,709,664	1,453,659
	<u>60,705,853</u>	<u>30,426,168</u>

**SCHEDULE FORMING PART OF THE BALANCE SHEET  
SCHEDULE : "E" FIXED ASSETS**

DESCRIPTION OF ASSETS	RATE OF DEP.	ORIGINAL COST AS ON 01/04/2010	ADDITION DURING THE YEAR	SALE DURING THE YEAR	ORIGINAL COST AS ON 01/04/2010	D E P R E C I A T I O N				NET BLOCK		
						UP TO 01.04.2010	PROVIDED DURING THE YEAR	PROVIDED DURING THE YEAR (ON REV.)	WRITTEN BACK DURING THE YEAR	AS ON 31.3.2010	AS ON 31.3.2011	AS ON 31.03.2010
LEASE HOLD LAND	9.607	-	-	9,607	3,262	97	-	-	-	3,359	6,248	6,345
BUILDING	10 %	9,216,066	-	-	9,216,066	6,662,102	66,421	-	-	6,728,523	2,487,543	2,553,964
PLANT & MACHINERY (BEFORE 01.04.89)	NIL	29,390,509	-	-	29,390,509	24,911,501	-	-	-	24,911,501	4,479,008	4,479,008
PLANT & MACHINERY (AFTER 01.04.89)	7.42 % SLM	127,127,237	44,334,771	-	171,462,008	47,970,999	13,018,449	-	-	60,989,448	110,472,560	79,156,238
FURNITURE & FIXTURE	10 % WDV	2,576,576	-	-	2,576,576	2,037,734	53,884	-	-	2,091,618	484,958	538,842
OFFICE EQUIPMENT	15 % WDV	1,892,305	-	-	1,892,305	1,723,983	25,248	-	-	1,749,231	143,074	168,322
ELECTRICAL INSTALLATION	15 % WDV	874,935	112,941	-	987,876	855,150	11,438	-	-	866,588	121,288	19,785
LABORATORY EQUIPMENT	15 % WDV	38,576	-	-	38,576	36,648	1,928	-	-	38,576	9,460	1,928
VEHICLES (BEFORE 1.4.96)	25.89 % WDV	873,688	-	-	873,688	860,923	3,305	-	-	864,228	9,460	12,765
VEHICLES (AFTER 1.4.96)	9.50 % SLM	5,624,119	2,258,713	-	7,882,832	2,562,074	406,482	-	-	2,968,556	4,914,276	3,062,045
COMPUTER (BEFORE 1.4.96)	40 % WDV	1,802,629	-	-	1,802,629	1,730,584	72,045	-	-	1,802,629	-	72,045
COMPUTER (AFTER 1.4.96)	16.21 % SLM	1,851,377	189,651	-	2,041,028	1,697,524	305,738	-	-	2,003,262	37,766	153,853
GOODWILL	-	500,000	-	-	500,000	-	-	-	-	-	500,000	500,000
TOTAL	-	181,777,624	46,896,076	-	228,673,700	91,052,484	13,965,035	-	-	105,017,519	123,656,181	90,725,140
PREVIOUS YEAR	-	133,322,505	48,455,119	-	181,777,624	88,860,583	2,191,901	-	-	91,052,484	90,725,140	44,461,922

## G. G. AUTOMOTIVE GEARS LIMITED

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>SCHEDULE "F"</b>		
<b>INVESTMENTS ( At Cost)</b>		
<b>(A) UNQUOTED :</b>		
Government or Trust Securities		
National Saving Certificates		
(Deposited with Sales Tax Authorities)	2,000	2,000
	<u>2,000</u>	<u>2,000</u>
<b>SCHEDULE "G"</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>INVENTORIES (As per inventory taken, valued and Certified by management)</b>		
Raw Materials (Trading)	-	
Raw Materials (At cost)	34,371,726	269,900
Work in progress (At cost)	10,946,700	8,135,444
Finished goods	3,624,280	5,902,600
(At lower of cost or market price)		
Branch Stock	-	45,048
Stores, Tools, Jig & Spares (At cost)	74,008	50,000
Scrap (at realisable value)	9,000	15,000
Excise Duty on Closing Stock	373,301	608,585
	<u>49,399,015</u>	<u>15,026,577</u>
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered good)		
Other ( For less than six Months)	44,726,787	18,818,851
Outstanding for a period exceeding six months	4,741,955	39,459,576
	<u>49,468,742</u>	<u>58,278,427</u>
<b>CASH &amp; BANK BALANCES</b>		
Cash in hand	1,865,053	16,684
Balance with Banks :		
(i) On current accounts	24,740	3,136,718
(ii) On Deposit accounts	10,724,791	4,389,791
	<u>12,614,584</u>	<u>7,543,193</u>
<b>LOANS &amp; ADVANCES</b>		
(unsecured, Considered good)		
Advances (Recoverable in cash or kind or for value to be received)	34,567,177	34,737,002
Inter Corporate Deposits with body corporate	-	17,444,151
Tax deducted at sources	217,424	1,077,587
Deposits	1,133,944	1,232,754
	<u>35,918,545</u>	<u>54,491,494</u>
<b>Total Current Assets</b>	<u>147,400,886</u>	<u>135,339,691</u>
<b>SCHEDULE "H"</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	22,967,445	43,634,304
Other Creditors	18,145,563	15,495,026
Central Excise Duty on Closing Stock	373,301	608,585
	<u>41,486,309</u>	<u>59,737,915</u>
<b>PROVISIONS</b>		
Income Tax	3,000,000	1,971,636
	<u>44,486,309</u>	<u>61,709,551</u>

# Annual Report 2010-2011

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>SCHEDULE "I"</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
<b>Deferred Revenue Expenses (Export)</b>		
Balance as per last account	1058000	
Less: written off during the year	500000	1,058,000
	<u>558,000</u>	<u>1,058,000</u>
<b>SCHEDULE "J"</b>		
<b>MATERIALS CONSUMED</b>		
(a) Raw materials consumption		
Opening Stock	269,900	1,321,110
Add : Purchases	116,515,587	33,632,503
	<u>116,785,487</u>	<u>34,953,613</u>
Less : Closing Stock	34,371,726	269,900
	<u>82,413,761</u>	<u>34,683,713</u>
<b>SCHEDULE "K"</b>		
<b>MANUFACTURING EXPENSES</b>		
Consumables	12,809,638	4,545,863
Power & Electricity	9,926,195	5,721,788
Insurance Expenses	200,061	173,632
Repair to Plant & Machinery	1,387,136	1,919,986
Repair to Building	213,022	11,718
Job Charges	1,264,769	668,838
Freight, Cartage etc.	906,929	507,261
Inspection Charges	7,842	4,300
Testing Charges	61,374	20,680
Entry tax	915,664	785,617
Diesel	235,040	98,684
	<u>27,927,670</u>	<u>14,458,367</u>
<b>SCHEDULE "L"</b>		
<b>EMPLOYEES EXPENSES</b>		
Salary, Wages, Bonus & Allowances	12,930,386	10,665,519
Contribution to Welfare funds	1,326,138	1,230,700
Staff & Labour welfare & Hospitality	317,710	258,402
Gratuity	400,000	350,000
	<u>14,974,234</u>	<u>12,504,621</u>
<b>SCHEDULE "M"</b>		
<b>OFFICE &amp; ADMINISTRATIVE EXPENSES</b>		
Stationery & Printing	101,725	184,891
Postage & Telegram	58,130	52,512
Telephone	346,543	455,011
Rent	663,000	162,732
Vehicle Running Maintenance	292,718	226,070
Conveyance Charges	741,532	699,884
Legal & Professional Charges	1,196,896	883,060
Licence & Registratin	421,845	195,809
Filling Fee	10,500	-
Electricity & Water charges	48,415	110,740
Books & Periodicals	7,374	5,071
Miscellaneous Expenses	177,217	103,446
Office Expenses	2,187,001	1,758,550
Listing Fee	140,132	36,215
Rate & Taxes	1,502,500	759,361
	<u>7,895,528</u>	<u>5,633,352</u>

## G. G. AUTOMOTIVE GEARS LIMITED

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
<b>SCHEDULE "N"</b>		
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Packing, forwarding & freight	2,969,537	1,562,133
Discounts & Rebate	3,192,186	5,632,160
Advertisements	40,610	41,086
Sales Promotion/ Discount	681,058	7,540,251
Travelling Exp.	872,390	1,039,477
Other Selling exp.	118,034	150,949
	<u>7,873,815</u>	<u>15,966,056</u>
<b>SCHEDULE "O"</b>		
<b>OTHER EXPENSES</b>		
<b>Directors' Remuneration -</b>		
Gross salary	2,111,290	2,101,613
Gross Contribution to PF	180,000	180,194
<b>Directors' Other Expenses</b>		
Travelling & Other Expenses	3,206,889	2,285,234
<b>Auditors' Remuneration's</b>		
Audit Fee	150,000	75,000
Tax Audit Fees	50,000	25,000
Service Tax	20,600	10,300
<b>Others :</b>		
Deferred Revenue Expenses Written Off	500,000	500,000
	<u>6,218,779</u>	<u>5,177,341</u>
<b>SCHEDULE "P"</b>		
<b>INCREASE/DECREASE IN STOCK</b>		
<b>Opening Stock :</b>		
Finished Goods	5,902,600	525,250
Work In Progress	8,135,444	179,914
Scrap	15,000	5,200
Branch Stock	45,048	45,048
	<u>14,098,092</u>	<u>755,412</u>
<b>Closing Stock :</b>		
Finished Goods	3,624,280	5,902,600
Work In Progress	10,946,700	8,135,444
Scrap	9,000	15,000
Branch Stock	-	45,048
	<u>14,579,980</u>	<u>14,098,092</u>
	<u>(481,888)</u>	<u>(13,342,680)</u>
<b>SCHEDULE "Q"</b>		
<b>SALES</b>		
Sales Of Mfg. Goods	153,567,197	53,326,825
Gross Sales of Mfg. Goods	153,567,197	53,326,825
	<u>153,567,197</u>	<u>53,326,825</u>
<b>SCHEDULE "R"</b>		
<b>OTHER INCOME</b>		
Scrap Sales	129,757	91,100
Foreign Exchange Fluctuation Gain	1,361,714	
Interest	91,817	177,544
Misc	650	2150
	<u>1,583,938</u>	<u>270,794</u>

**SCHEDULE : 'S'**

**NOTES ON ACCOUNTS :**

**1. SIGNIFICANT ACCOUNTING POLICIES :**

**(A) ACCOUNTING CONVENTION**

The financial statements are prepared on the basis of going concern, under historical cost convention on an accrual basis and in accordance with the requirement of the Companies Act, 1956 and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

**(B) INVESTMENTS :**

Investments are stated at cost.

**(C) INVENTORIES**

Finished goods is valued at lower of cost and market price, while Raw Material and Work in Process are valued at cost. The Scrap is valued at realizable value. Excise duty paid on finished goods stocks lying at Branches & at Factory is part of the inventories. Cost of work in process excludes expenses on material received for processing on Job basis.

**(D) FIXED ASSETS AND DEPRECIATION :**

i) Fixed assets are stated at cost other than those revalued during 1993-94 are stated at their revalued cost. Fixed assets are depreciated on written down value method in accordance with provisions of schedule XIV of the Companies Act, 1956 except addition on Machinery from 01.04.1989 onward and on vehicle and computer after 01.04.1996 are depreciate on S.L.M. method.

ii) Capital work in progress is shown at a value actually incurred.

**(E) REVENUE RECOGNITION :**

Sales are recognised at the point of dispatch to customers and include excise duty.

(F) Export sales have been accounted on actual remittance of foreign on realization.

**2. ACCOUNTING STANDARDS:**

a) Accounting Standard 11 –Accounting for effects of change in Foreign Exchange

Transaction in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Assets and Liabilities related to foreign currency transactions, remaining unsettled at the year end, are stated at the contracted rates, when covered under forward exchange contracts and at year end rates in other cases. The premium payable on forward foreign exchange contracts is amortized over the period of contract. Exchange gains /losses are recognized in the profit and loss account except for exchange differences relating to fixed assets, which are adjusted in the cost of assets.		
	2011	2010
Earning in foreign currency	Rs. 13.62 Lacs	
Expenditure in foreign currency	Nil	Nil

b) Accounting Standard 17 :

Segment information as required by Accounting standard 17 issued by The Institute of Chartered Accountants of India is set out in a separate statement annexed to the Schedule. See **Annexure -B**

c) Related parties disclosure as per accounting Standard 18:

The related parties, as defined by Accounting Standard 18 ' Related party disclosure' issued by The Institute of Chartered Accountants of India, in respect of which the disclosures have been made, have been identified on the basis of disclosures made by the company. See **Annexure – A**

## G. G. AUTOMOTIVE GEARS LIMITED

- d) Lease Agreement as per Accounting Standard 19:  
Lease Agreement at Mumbai for Office is entered during the year.
- e) Earning per share as per Accounting Standard 20:
- |                                                                          | 2010-11  | 2009-10 |
|--------------------------------------------------------------------------|----------|---------|
| a. Weighted average number of share at the beginning and end of the year | 7916167  | 7916167 |
| b. Net Profit after tax available for equity share holders               | 11695427 | 7147155 |
| c. Diluted earning per share                                             | 1.48     | 0.90    |
- f) Taxes on Income Tax as per Accounting Standard 22:
- i. Provision for Income Tax is made in accordance with the Income Tax Act, 1961.
  - ii. Current Tax is determined as the amount of tax payable in respect of taxable income for the year.
  - iii. The company has recognized Deferred Taxes which result from timing difference between the Book profits and Tax profits. Consequently, as required by the said standard, the company has recognised the deferred tax balance that would have accumulated prior to adopting the standard, as if the standard had been in effect.

The Company has provided for Deferred Tax Liability of Rs 16017189 /- as calculated below.  
Amount (Rs.) 4721462/-

Particulars	Transitional Adjustment as at 31/3/2010	Arising during the year	Balance carried as at 31/3/2011
Deferred Tax Liability			
On account of timing difference			
A. Depreciation	11295727	4721462	16017189
B. Deferred Revenue	0	0	0
Total	11295727	4721462	16017189
Deferred Tax Assets			
On account of timing difference			
A. Unabsorbed Losses	0	0	0
B. U/S 43B dis-allowance	0	0	0
Total	0	0	0
Net	11295727	4721462	16017189

3. Contingent Liabilities not provided for (i) in respect of bank guarantee issued by Company's Bankers Rs 127.42 Lacs (previous year Rs. 43.89 Lacs), Order of Income Tax for Ass. Year 2000-01 passed for Rs. 31,48,854 and after appeal the revised order was passed for Rs 2133448/- and for asst. yr. 2001-02 for Rs.72,56,310/- and Wealth Tax for Asst. Yr. 1997-98 for Rs. 1,67,332. against both the orders the appeal is made and cases are pending before C.I.T. appeal II at Mumbai.
4. In the opinion of the Board, the Current Assets, Loans and advances Debtors & Creditors have a value on realization in ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. However no confirmation has been obtained on the same.
5. The Company has been advised that the computation of net profit for the purpose of Directors remuneration under section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to the Directors. Fixed monthly remuneration has been paid as per Schedule XIII of the Companies Act, 1956 and as per resolution passed by the Shareholders in their meeting.

# Annual Report 2010-2011

9 QUANTITY DETAILS	2010-2011		2009-10	
	QTY. NOS.	VALUE RS.	QTY. NOS	VALUE RS.
<b>(A) MANUFACTURING ACTIVITY</b>				
a Licensed Capacity	NO LICENCED REQUIRED			
b Installed Capacity				
i) Gear Box Housings		18000	18000	
ii) Railways Gears		250	250	
c Production (in nos)				
i) Railways & Indl Gears & Job work		6673	5510	
<b>TOTAL</b>	<b>6673</b>	<b>157968000</b>	<b>5510</b>	<b>97319000</b>
d Sales				
i) Railways & Ind Gears(inc.exports)		153567197		53326825
ii) Ind Gear box		153567197		53326825
iii) Job Total with jobwork	6752	26544494	5367	35911376
e Opening Stocks				
ii) Railways & ind Gears Boxes	290	5902600	147	525250
f Closing Stocks		5902600		525250
ii) Railways & ind Gears & Hyd	211	3624280	290	5902600
		3624280		5902600
g Raw materials Consumed				
i) Forgings				
<b>TOTAL</b>		<b>82413761</b>		<b>34683713</b>
<b>(B) TRADING ACTIVITY</b>				
1 (Automobile Components & Parts)	NIL		NIL	
a Opening Stocks -Indigeneous				
b Purchases (For indigeneous)				
c Purchases (For Exports)				
d Sales (indigenous)				
e Sales (Exports)				
f Closing Stocks-Indigeneous-Exports				
2 (Non-ferrous Metal)				
Purchases(For indigeneous)				
Sales (indigenous)				

**NOTES:** Quantity of Purchase includes free replacement received and quantity of sales includes free replacement given, shortage and free samples

## G. G. AUTOMOTIVE GEARS LIMITED

a) Gear Box Housing & Railway Gears	+)
b) Others	
<b>Total</b>	<b>(+)</b>
<b>Less:</b>	
1. Interest	6213268
2. Other un-allocable expenditure net of un-allocable income	-/-
<b>Total profit/(Loss) before tax</b>	<b>28660462</b>

The Company has identified its business segments as its primary reporting format which comprises of Gear Box Housings/ Industrial Gears Box and Trading of Iron & Steel. The main segment is Gear Box Housing / Industrial Gears. Trading constitute Companies separate activity.

**(B) Secondary Segment information  
(Geographical Segment)**

1. Segment Revenue
  - (a) With in India
  - (b) Outside India

**Total Revenue**

- (b) Segment Assets
  - (a) With in India
  - (b) Outside India

**Total Assets**

- (c) Capital Expenditure
  - (a) With in India
  - (b) Outside India

**Total Capital Expenditure**

# Annual Report 2010-2011

9 QUANTITY DETAILS	2010-2011		2009-10	
	QTY. NOS.	VALUE RS.	QTY. NOS	VALUE RS.
<b>(A) MANUFACTURING ACTIVITY</b>				
a Licensed Capacity	NO LICENCED REQUIRED			
b Installed Capacity				
i) Gear Box Housings		18000	18000	
ii) Railways Gears		250	250	
c Production (in nos)				
i) Railways & Indl Gears & Job work		6673	5510	
<b>TOTAL</b>	<b>6673</b>	<b>157968000</b>	<b>5510</b>	<b>97319000</b>
d Sales				
i) Railways & Ind Gears(inc.exports)		153567197		53326825
ii) Ind Gear box		153567197		53326825
iii) Job Total with jobwork	6752	26544494	5367	35911376
e Opening Stocks				
ii) Railways & ind Gears Boxes	290	5902600	147	525250
f Closing Stocks		5902600		525250
ii) Railways & ind Gears & Hyd	211	3624280	290	5902600
		3624280		5902600
g Raw materials Consumed				
i) Forgings				
<b>TOTAL</b>		<b>82413761</b>		<b>34683713</b>
<b>(B) TRADING ACTIVITY</b>	<b>NIL</b>		<b>NIL</b>	
1 (Automobile Components & Parts)				
a Opening Stocks -Indigeneous				
b Purchases (For indigeneous)				
c Purchases (For Exports)				
d Sales (indigenous)				
e Sales (Exports)				
f Closing Stocks-Indigeneous-Exports				
2 (Non-ferrous Metal)				
Purchases(For indigeneous)				
Sales (indigenous)				

**NOTES:** Quantity of Purchase includes free replacement received and quantity of sales includes free replacement given, shortage and free samples

## G. G. AUTOMOTIVE GEARS LIMITED

10 CONSUMPTION OF RAW MATERIALS AND CONSU	2010-11	2009-10
a) RAW MATERIALS IMPORTED INDIGENEOUS	100 82413761	100 34683713
b) CONSUMABLES IMPORTED INDIGENEOUS	NIL	NIL
11 CIF VALUE OF IMPORTS RAW MATERIALS CONSUMABLES	NIL	NIL
12 EARNING IN FOREIGN EXCHANGES (FOB VALUE)	NIL	NIL
13 EXPENDITURE IN FOREIGN EXCHANGES TRAVELLING EXP. OTHER EXP.	NIL	NIL
14 REMITTANCE IN FOREIGN CURRENCY	3593806(Rs.21908041/-)	2875006 (Rs.18854250)
15 EARNING PER SHARE		

PARTICULAR	31ST MARCH '2011	31ST MARCH '2010
PROFIT AFTER TAXATION	11695427	7147155
WEIGHTED AVERAGE NUMBER OF SHAREW O/S AT AT THE BEGINNING OF THE YEAR	7916167	7916167
AT THE CLOSING OF THE YEAR	7916167	7916167
WEIGHT AVERAGE OF SHARE O/S DURING THE YEAR	7916167	7916167
BASIS AND DILATED EARNING PER SHARE IN RS. (FACE VALUE PER SHARE 10)	1.48	0.90

**16 BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE**

i) Registration Details

Registration No.	11-17202		
Balance Sheet	31.03.2011	State Code	11

ii) Capital raised during the year (Amount in Rs.thousands)

Public Issue	0	Right Issue	0
Bonus Issue	0	Private Placement	0

iii) Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities	227131	Total Assets	227,131
Sources of funds		Application of Funds	
Paid Up Capital	79,162	Net fixed Assets	123,656
Reserve and surplus	10,499	Investment	2
Secured Loan	60,747	Net Current Assets	102,915
Unsecured Loan	60,706	Misc Exp	558
DEFERRED TAX LIABILITIES (NET)	16,017		
	227,131		227,131

iv) Performance Of Company (Amount in Rs.thousands)

Turnover	181,696	Total Expenditure	153035
Profit before dep & tax	28,660		
Profit after tax	11,695		
Earning Per share in Rupee	1.48	Dividend Rate %	0

v) Generic Names of Principal Products/Services of Company

Product Description	Items Code No (ITC Code)
Railway Traction Gear Wheel & Pinion	86079900
Gear Box Housings	87084000

**Kamlesh B. Mehta & Co.**  
Chartered Accountants

On behalf of the Board

Sd/-  
**Kamlesh Mehta**  
Proprietor

Sd/-  
**R.S.GAJRA**  
CHAIRMAN &  
MG. DIRECTOR

Sd/-  
**K.R. GAJRA**  
MANAGING DIRECTOR

Place : Mumbai  
Date : 05-05-2011

**G. G. AUTOMOTIVE GEARS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

PARTICULARS	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b>A. Cash flow from operating activities</b>		
Net profit before tax & extraordinary items	10,179,950	6,817,155
Adjustment for :		
Depreciation	13,965,035	2,191,901
Deferred Revenue Exps. Write-offs	500,000	500,000
(Profit)/loss on sale of Investment	0	0
Interest paid		
Less : Interest and dividend received	<u>6,121,451</u>	<u>3,561,625</u>
Operating profit before working capital changes	30,766,436	13,070,681
Adjustment for :		
Trade and other receivables	27,382,634	(1,839,434)
Inventories	(34,372,438)	(12,816,224)
Trade payables	<u>(18,251,606)</u>	<u>29,698,280</u>
Cash generated from operations	5,525,026	28,113,303
Direct Tax paid	<u>2,131,764</u>	<u>1,057,231</u>
Cash flow before extraordinary items	3,393,262	27,056,072
Extraordinary items	0	0
Net cash from operating activities	<u>3,393,262</u>	<u>27,056,072</u>
<b>B. Cash flow from investment activities</b>		
Sale of fixed assets (Net)	0	0
Profit on sale of Investment	0	0
Purchase of Fixed Assets	(46,896,076)	(48,455,119)
Capital WIP, Cap. Adv. & Pre-op. Exps.	0	0
Sale of Investment	0	0
Interest received	91,817	177,544
Dividend received	0	0
Net cash from investment activities	<u>(46,804,259)</u>	<u>(48,277,575)</u>
<b>C. Cash flow from financing activities</b>		
Repayment of long-term borrowings	(24,993,374)	(4,983,171)
Proceeds from borrowings	79,689,030	33,910,217
Public Issue/Preilimiary Expenses	0	0
Interest paid	(6,213,268)	(3,739,169)
Dividend paid	0	0
Net cash from financing activities	<u>48,482,388</u>	<u>25,187,877</u>
Net increase in cash and cash equivalents	5,071,391	3,966,374
Cash and cash equivalentens at beginning of the period	<u>7,543,193</u>	<u>3,576,819</u>
<b>Cash and cash equivalentens at end of the period</b>	<u>12,614,584</u>	<u>7,543,193</u>

As per our Report of even date attached.

Kamlesh B. Mehta & Co.  
Chartered Accountants

On behalf of the Board

Sd/-  
Kamlesh Mehta  
ProprietorSd/-  
R.S.GAJRA  
CHAIRMAN &  
MG. DIRECTORSd/-  
K.R. GAJRA  
MANAGING DIRECTORPlace : Mumbai  
Date : 05-05-2011



**ATTENDANCE SLIP**

Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 37<sup>th</sup> Annual General Meeting of the Company on Friday the 16<sup>th</sup> September, 2011 at Radio Club, 157, Arthur bunder Road, Colaba Mumbai-400 005, at 11.00 a.m

\_\_\_\_\_  
Name of the Shareholder

\_\_\_\_\_  
Signature

Folio No. \_\_\_\_\_

\_\_\_\_\_  
(Full name of Proxy)

**Note:** No Duplicate Attendance Slip will be issued at the meeting hall. You are requested to bring your copy of Annual Report to the Meeting.

---

**PROXY FORM**

I/We.....of.....in the district of ..... being a member/members of the above named Company hereby appoint ..... of ..... in the district of..... or failing him .....of ..... in the district of ..... as my / our proxy to attend and vote for me/us on my /our behalf at the 37<sup>th</sup> Annual General Meeting of the Company to be held at Friday the 16<sup>th</sup> September, 2011 at Radio Club,157, Arthur bunder Road, Colaba Mumbai - 400 005 and at any adjournment thereof.

Signed this..... day of ....., 2011.

Reg. Folio No.....

No. of Shares .....

Signature .....



**Note:** This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

---

---

THE UNIVERSITY OF CHICAGO  
DIVISION OF THE PHYSICAL SCIENCES  
DEPARTMENT OF CHEMISTRY

RESEARCH REPORT  
NO. 1000  
BY  
J. H. GOLDSTEIN AND  
R. M. MAYER

DEPARTMENT OF CHEMISTRY  
5712 S. UNIVERSITY AVENUE  
CHICAGO, ILLINOIS 60637

1968

RESEARCH REPORT NO. 1000

BY J. H. GOLDSTEIN AND R. M. MAYER

DEPARTMENT OF CHEMISTRY  
5712 S. UNIVERSITY AVENUE  
CHICAGO, ILLINOIS 60637

1968

RESEARCH REPORT NO. 1000

BY J. H. GOLDSTEIN AND R. M. MAYER

DEPARTMENT OF CHEMISTRY  
5712 S. UNIVERSITY AVENUE  
CHICAGO, ILLINOIS 60637

1968

RESEARCH REPORT NO. 1000

BY J. H. GOLDSTEIN AND R. M. MAYER

DEPARTMENT OF CHEMISTRY  
5712 S. UNIVERSITY AVENUE  
CHICAGO, ILLINOIS 60637

1968

RESEARCH REPORT NO. 1000