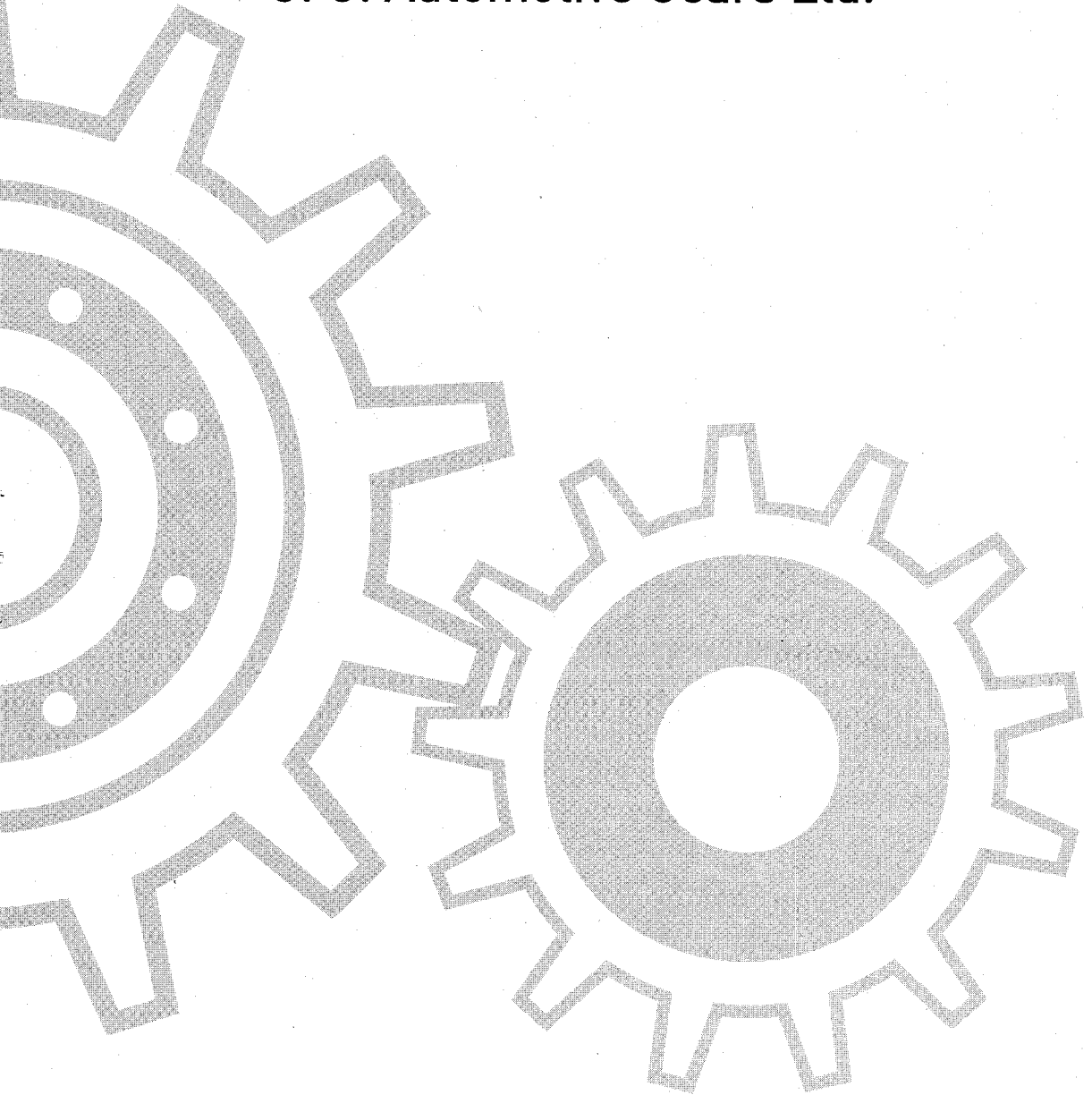




**G. G. Automotive Gears Ltd.**



**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

## 38th Annual Report 2011-2012

Details of remuneration paid to Directors for the year ended 31<sup>st</sup> March 2012.

(Amount in Rupees)

Particulars	Remuneration (p.a.)
Salaries	42,00,000
Contribution to P.F.	3,60,000

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

Sr. No.	Name of the Non-Executive Independent Directors	Number of Equity Shares	Sitting fees	Non convertible Instruments
1	Mr. Shailendra Ajmera	100	NIL	NIL
2	Mr. Pravin Kumar Shishodiya	1332	NIL	NIL

### 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 meetings attend
Mr. Pravin Kumar Shishodiya Chairman & Independent Non-Executive Director	2	2
Mr. Shailendra Ajmera Member & Independent Non -Executive Director	2	2
Mr. Ram Gajra Member & Promoter Director	2	2

### Name, designation & address of Compliance Officer

Name: Ram Gajra

Designation: Compliance officer.

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

### General Body Meetings

Details of last three Annual General Meetings are given below:

Financial Year	Date	Time	Venue	Special Resolution(s)
2008-2009	30-09-2009	11.00 a.m.	Registered Office	N.A
2009-2010	30-09-2010	11.00 a.m.	Registered Office	N.A
2010-2011	16-09-2011	11.00 a.m.	Radio Club, 157, Arthur Bunder Road, Colaba, Mumbai	N.A

**Disclosures**

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.

**3. Means of Communication**

The quarterly/yearly results are submitted to stock Exchanges and also published in newspapers by the Company. Further, the Company has its own 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 Annual Report.

**4. General Shareholders Information**

1. The 38<sup>th</sup> Annual General Meeting is scheduled to be held on Friday the 29<sup>th</sup> June 2012 at 11.30 a.m. at Radio Club, 157, Arthur Bunder Road, Colaba, Mumbai- 400005. The Financial year of the company is from April to March.
2. The financial calendar is as per following

First quarter results (30 <sup>th</sup> June)	August 2012
Mailing of Annual Reports	2 <sup>nd</sup> Week of August 2012
Annual General Meeting	29 <sup>th</sup> June 2012
Payment of Dividend	N.A.
Second quarter results (30 <sup>th</sup> September)	2 <sup>nd</sup> Week of November 2012
Third quarter results (31 <sup>st</sup> December)	2 <sup>nd</sup> Week of February 2012
Fourth quarter / Annual Results	3 <sup>rd</sup> Week of May 2012

3. Book Closure dates are from Friday 22<sup>nd</sup> June 2012 to Friday 29<sup>th</sup> June 2012 (both days inclusive).
4. The Board of Directors has not proposed any dividend for the current financial Year.
5. 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 Company has complied with all necessary compliance, an application for revocation is awaited.
6. Stock Code

Demat – ISIN No. of NSDL & CDSL- INE493B01017

7. Market Price Data (Bombay Stock Exchange)

Since the Company Shares were suspended for trading the market price data is not available.

8. 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  
Email-busicomp@vsnl.com

9. 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.

10. Distribution of Shareholding as on 31<sup>st</sup> March, 2012

Share holding of Nominal Value of Rs.	Shareholders No.	% of Total	Share Amt. Rs.	% of Total
UPTO 5,000	3487	64.55	8793860	11.11
5001- 10,000	964	17.85	8315580	10.50
10,001- 20,000	467	8.64	7438730	9.40
20,001- 30,000	174	3.22	4547520	5.74
30,001- 40,000	98	1.81	3487500	4.41
40,001- 50,000	57	1.06	2694010	3.40
50,001- 1,00,000	97	1.80	6977560	8.81
1,00,001 AND ABOVE	58	1.07	36906910	46.62
<b>TOTAL</b>	<b>5402</b>	<b>100.00</b>	<b>79161670</b>	<b>100.00</b>

11. 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 2012, 37,31,337 equity shares were representing 47.14% 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, 2012, 19,65,181 Equity Shares representing 24.82% were held in Demat form in CDSL & the balance 22,19,649 Equity Shares representing 28.04% were in physical form.

12. Company has not issued ESOP or any GDRs /ADRs /Warrants /Convertible instrument.

13. Plant Locations

The Company's Plants are located at the following address-

2A, Industrial Area, 1 A.B. Road, Dewas 455 001.

14. 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-

2-A, I.S. Gajra Industrial Area-1, A.B. Road,  
Dewas- 455001, Madhya Pradesh

Shareholders of the Company can also log on to the company's website [www.ggautomotive.com](http://www.ggautomotive.com).

**CEO/CFO CERTIFICATION**

To,  
**The Board of Directors,**  
**G. G. Automotive Gears Limited**  
20/16, Gajra House, First Floor,  
57-SCH, Sewri, Wadala Road # 37,  
Wadala, Mumbai- 400031

We hereby certify that for the financial year, ending 31<sup>st</sup> March 2012 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 and operation of the internal controls, if any of which we are aware and the steps we have taken or purpose 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/- Sd/-  
**Mahavir Prasad Joshi Narayan Shrivastava**  
(CEO) (CFO)

**Date- 15-05-2012**  
**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- 15-05-2012**  
**Place- Mumbai**

**CERTIFICATE ON CORPORATE GOVERNANCE BY STATUTORY AUDITORS OF THE COMPANY**

To,  
**The Board of Directors,  
G. G. Automotive Gears Limited  
20/16, Gajra House, First Floor,  
57-SCH, Sewri, Wadala Road # 37,  
Wadala, Mumbai- 400031**

We have reviewed the implementation of Corporate Governance produced by the company during the year ended 31<sup>st</sup> March 2012 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.

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**

**Date- 15-05-2012**  
**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, 2012**, 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 and amended 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, 2012, 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, 2012, 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 Notes to accounts 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 state of affairs of the company as at 31<sup>st</sup> March, 2012.  
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**  
**Member Ship No: 036323**

Place: Mumbai  
Date: 15-05-2012

**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, 2012**

- 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 from directors amounting to Rs. 39, 05,399/-.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.
- (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.
- (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 prices 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 has adequate internal audit system commensurate with the size and nature of its business.
8. The company is 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 and according to the cost auditor's report the company has maintained proper accounts and records for the same.
9. (a) 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.  
(b) According to the records of the company, there are no dues of sales tax, service tax, custom duty/wealth tax, excise duty/cess on account of any dispute except income tax to the tune of Rs. 24,22,840/- for A.Y. 2001-02 which has not been deposited since the matter is in appeal before I.T.A.T./C.I.T. at Mumbai.
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. 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: 15-05-2012

**Member Ship No: 036323  
FRN No: 104676W**

## BALANCE SHEET AS AT MARCH 31, 2011

	Note No.	As at 31.03.2012 Current Year Rupees	As at 31.03.2011 Previous Year Rupees
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	1	79,161,670	79,161,670
(b) Reserves & Surplus	2	29,372,553	10,498,676
<b>(2) Non-current Liabilities</b>			
(a) Long-term borrowings	3	101,769,058	95,367,111
(b) Deferred tax liabilities (Net)		19,962,087	16,017,189
<b>(3) Current Liabilities</b>			
(a) Short Term borrowings	4	50,707,165	26,086,112
(b) Trade payables	5	49,010,696	22,967,445
(c) Other current liabilities	6	12,110,969	14,217,667
(d) Short-term provisions	7	11,218,461	7,083,773
<b>TOTAL</b>		<b><u>353,312,659</u></b>	<b><u>271,399,643</u></b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	8	159,046,878	123,156,181
(ii) Intangible assets	9	500,000	500,000
(b) Non-current investments	10	-	2,000
(c) Other Non-current assets	11	-	558,000
<b>(2) Current assets</b>			
(a) Inventories	12	23,540,983	49,399,015
(b) Trade receivables	13	127,512,066	49,468,742
(c) Cash & cash equivalents	14	30,554,998	12,614,584
(d) Short term loans and advances	15	12,157,734	35,701,121
<b>TOTAL</b>		<b><u>353,312,659</u></b>	<b><u>271,399,643</u></b>

**See accompanying notes to the financial statements**

As per our Report of even date attached.

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

Sd/-

**Kamlesh Mehta****Proprietor**

On behalf of the Board

Sd/-

**R.S. Gajra Proprietor****Chairman & Managing Director**

Sd/-

**K.R. Gajra****Managing Director****Member Shop No 036323****FRN No : 104676W****DATE : 15-05-2012****PLACE : MUMBAI**



NOTES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2012 Current Year Rupees	As at 31.03.2011 Previous Year Rupees
<b>Note no. 1 : Share Capital</b>		
(a) <b>Authorised</b>		
80,00,000 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) <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>SHARE CAPITAL</b>	<u>79,161,670</u>	<u>79,161,670</u>
<b>(c) Reconciliation of no. of shares outstanding as at 31.03.2012 and 31.03.2011</b>		
No. of shares at the begining of the year	7,916,167	7,916,167
Add: Shares issued	-	-
No. of shares at the end of the year	<u>7,916,167</u>	<u>7,916,167</u>

**(d) SHAREHOLDER'S HOLDING MORE THAN 5% SHARES**

Name of the shareholder shareholding	No. of shares held	%age of
Mr. K.R. Gajra	<u>1,792,786</u>	<u>22.64%</u>
Total	<u>1,792,786</u>	<u>22.64%</u>

**Note no. 2 : Reserve & Surplus**

Security premium	5,802,130	5,802,130
Surplus :		
Balance B/F	4,696,546	2,398,186
Add/Less : Profit(loss) during the year	<u>18,873,877</u>	<u>2,298,360</u>
	<u>29,372,553</u>	<u>10,498,676</u>

**Note no. 3 : Long term borrowings**

(a) <b>TERM LOANS :</b>	Rate of interest		
(i) From Banks:			
Union bank of India :			
(A) Term loan	14.65%	9,566,776	982,051
(B) Vehicle loan I	-	-	521,250
(C) Vehicle loan II	12%	847,027	975,000
(D) Vehicle loan III	12%	<u>2,250,365</u>	-
		<u>12,664,168</u>	<u>2,478,301</u>

Note:

Term loan and Vehicle loans have been guaranteed by some of the directors.

Term Loan is secured by mortgage of plant and machinery and collateral security of Fixed assets.

Vehicle loans are secured by way of hypothecation of vehicles.

## NOTES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2012 Current Year Rupees	As at 31.03.2011 Previous Year Rupees
(ii) <u>From others:</u>		
Hofler machine Baugmbh Germany (Credit for machinery)	47,768,198	32,182,957
From Members	Interest free 50,000	50,000
From Directors	Interest free 28,677,812	28,946,189
	<u>76,496,010</u>	<u>61,179,146</u>
(iii) Other loan & advances (Customer Credit Balance) Interest free	12,608,880	31,709,664
Total (i + ii + iii)	<u>101,769,058</u>	<u>95,367,111</u>

Note:

Supplier's credit for machinery is secured by hofler machine.

Loan from directors and members are unsecured.

**Note no. 4 : Short term borrowings**

Working capital Loan from Union bank of India	50,707,165	26,086,112
	<u>50,707,165</u>	<u>26,086,112</u>

Note:

Working capital loan is secured by way of hypothecation of inventory, book debts and collateral security of fixed assets besides personal guarantee of some of the directors.

**Note No.5 : Trade payables**

Sundry Creditors	49,010,696	22,967,445
	<u>49,010,696</u>	<u>22,967,445</u>

**Note no. 6 : Other Current Liabilities**

Other Creditors	11,773,114	13,844,366
Central Excise Duty on Closing Stock	337,855	373,301
	<u>12,110,969</u>	<u>14,217,667</u>

**Note no.7 : Short term provisions**

Income Tax	6478127	3,000,000
Less : TDS	441,359	217,424
	6,036,768	2,782,576
Provision for employee expenses	4,031,651	2,909,141
Provision for expenses	1,150,042	1,392,056
	<u>11,218,461</u>	<u>7,083,773</u>

**Note no. 8 : Tangible Assets**  
**FIXED ASSETS**

DESCRIPTION OF ASSETS.	RATE OF DEP.	ORIGINAL COST AS ON 01/04/2011	ADDITION DURING THE YEAR	SALE DURING THE YEAR	ORIGINAL COST AS ON 31.03.2012	DEPRECIATION UP TO 01.04.2011	PROVIDED DURING THE YEAR	WRITTEN BACK DURING THE YEAR	WRITTEN BACK DURING THE YEAR	AS ON 31.3.2012	NET BOOK VALUE AS ON 31.03.2012	AS ON 31.03.2011
LEASE HOLD LAND		9607	0	0	9607	3359	97	0	0	3456	6151	6248
BUILDING	10%	9216066	0	0	9216066	6728523	268890	0	0	6997413.16	2218652.84	2487542.84
PLANT & MACHINERY (BEFORE 01.04.89)	NIL	29390509	0	0	29390509	24911501	0	0	0	24911501	4479008	4479008
PLANT & MACHINERY (AFTER 01.04.89)	10.34% SLM	171462008	46364216	0	217826224	60989448	15442566	0	0	76432014	141394210	110472560
FURNITURE & FIXTURE	10% WDV	2576576	0	0	2576576	2091618	452316	0	0	2543934	32642	484958
OFFICE EQUIPMENT	15% WDV	1892305	57998	0	1950303	1749231	72902	0	0	1822133	128170	143074
ELECTRICAL INSTALLATION	15% WDV	987876	426277	0	1414153	866588	34175	0	0	900763	513390	121288
LABORATORY EQUIPMENT	15% WDV	38576	139382	0	177958	38576	1775	0	0	40351	137607	0
VEHICLES (BEFORE 1.4.96)	25.89 % WDV	873688	0	0	873688	864228	9460	0	0	873687.5072	0	9460.492795
VEHICLES (AFTER 1.4.96)	9.50% SLM	7882832	6653462	1055735	13480559	2968556	850735	0	120629	3698662	9781897	4914276
COMPUTER (BEFORE 1.4.96)	40% WDV	1802629	0	0	1802629	1802629	0	0	0	1802629	0	0
COMPUTER (AFTER 1.4.96)	16.21% SLM	2041028	370730	0	2411758	2003262	53346	0	0	2056608	355150	37766
GOODWILL		500000	0	0	500000	0	0	0	0	0	500000	500000
<b>TOTAL</b>		<b>228673700</b>	<b>54012065</b>	<b>1055735</b>	<b>281630030</b>	<b>105017518.7</b>	<b>17186262</b>	<b>0</b>	<b>120629</b>	<b>122083152</b>	<b>159546878</b>	<b>123656181</b>
<b>PREVIOUS YEAR</b>		<b>181,777,624</b>	<b>46,896,076</b>	-	<b>228,673,700</b>	<b>91,052,484</b>	<b>13,965,035</b>			<b>105,017,519</b>		
Add : Capital Work in progress, Capital Advances & Pre-operative exps.												
												0
												159,546,878
												123,656,181



## NOTES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2012 Current Year Rupees	As at 31.03.2011 Previous Year Rupees
<b>Note no. 9: Intangible assets</b>		
Goodwill	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
<b>Note no. 10 : Non-current Investments</b>		
<b>(A) UNQUOTED :</b>		
Government or Trust Securities		
National Saving Certificates (Deposited with Sales Tax Authorities)	-	2,000
	-	<u>2,000</u>
<b>Note No. 11 : Other non-current assets</b>		
Miscellaneous Exp.	-	558,000
	-	<u>558,000</u>
<b>Note no. 12 : Inventories</b>		
(As per inventory taken, valued and Certified by management)		
Raw Materials (At cost)	548,500	34,371,726
Work in progress (At cost)	19,801,170	10,946,700
Finished goods (At lower of cost or market price)	2,733,458	3,624,280
Stores, Tools, Jig & Spares (At cost)	100,000	74,008
Scrap (at realisable value)	20,000	9,000
Excise Duty on Closing Stock	337,855	373,301
	<u>23,540,983</u>	<u>49,399,015</u>
<b>Note No. 13 : Trade receivables</b>		
(Unsecured, Considered good)		
Outstanding for a period exceeding six months	14,035,383	4,741,955
Others	113,476,683	44,726,787
	<u>127,512,066</u>	<u>49,468,742</u>
<b>Note No. 14 : Cash and cash equivalents</b>		
Cash in hand	2,476,035	1,865,053
Balance with Banks :		
(i) On current accounts	2,004,172	24,740
(ii) On Deposit accounts	26,074,791	10,724,791
	<u>30,554,998</u>	<u>12,614,584</u>
(Fixed Deposits are given as security against Bank guarantee and foreign letter of credit)		
<b>Note No.15 : Short term loans and advances</b>		
<b>Others</b>		
(unsecured, Considered good)		
Advances (Recoverable in cash or kind or for value to be received)	10,680,681	34,567,177
Deposits	1,477,053	1,133,944
	<u>12,157,734</u>	<u>35,701,121</u>

## NOTES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	As at 31.03.2012 Current Year Rupees	As at 31.03.2011 Previous Year Rupees
<b>Note No. 16 : Revenue from operations</b>		
Sales of Mfg. Goods	305,212,949	153,567,197
Less : Excise duty	29,213,817	15,750,075
	275,999,132	137,817,122
Job Work	26,326,298	26,544,494
	<b><u>302,325,430</u></b>	<b><u>180,111,691</u></b>
<b>Note No. 17 : Other Income</b>		
Interest	408,468	91,817
Scrap Sales	387,176	129,757
Foreign Exchange Fluctuation Gain	-	1,361,714
Miscellaneous income	43,238	650
	<b><u>838,882</u></b>	<b><u>1,583,938</u></b>
<b>Note No. 18 : Cost of materials consumed</b>		
(a) Raw materials consumption		
Opening Stock	34,371,726	269,900
Add : Purchases	139,207,615	116,515,587
	173,579,341	116,785,487
Less : Closing Stock	548,500	34,371,726
	<b><u>173,030,841</u></b>	<b><u>82,413,761</u></b>
<b>Note No. 19 : Changes in inventories</b>		
<b>Opening 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
	14,579,980	14,098,092
<b>Closing Stock :</b>		
Finished Goods	2,733,458	3,624,280
Work In Progress	19,801,170	10,946,700
Scrap	20,000	9,000
	22,554,628	14,579,980
	<b><u>(7,974,648)</u></b>	<b><u>(481,888)</u></b>
<b>Note No. 20 : Employee benefits expenses</b>		
Salary, Wages, Bonus & Allowances	15,638,891	12,930,386
Contribution to Welfare funds	1,596,814	1,326,138
Staff & Labour welfare & Hospitality	475,470	317,710
Gratuity	1,365,785	400,000
	<b><u>19,076,960</u></b>	<b><u>14,974,234</u></b>

## NOTES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	As at 31.03.2012 Current Year Rupees	As at 31.03.2011 Previous Year Rupees
<b>Note No. 21 : Finance Cost</b>		
Interest	7,590,062	5,148,268
Other Borrowing cost	2,190,727	1,065,000
	<b><u>9,780,789</u></b>	<b><u>6,213,268</u></b>
<b>Note No. 22 : Other Expenses</b>		
(a) Manufacturing Exp.		
Consumption of stores	10,462,940	12,809,638
Power & Fuel	11,804,280	9,926,195
Insurance charges	544,243	200,061
Repair to Building	597,379	213,022
Repair to Plant & Machinery	5,205,382	1,387,136
Job Charges	1,928,029	1,264,769
Freight, Cartage etc.	1,476,293	906,929
Inspection Charges	1,875	7,842
Testing Charges	278,766	61,374
Entry tax	1,525,036	915,664
Diesel	156,495	235,040
(b) Office & Administrative exp.		
Printing & Stationery	250,072	101,725
Postage & Telegram	80,233	58,130
Telephone	368,988	346,543
Rent	1,088,827	663,000
Vehicle Repairs & Maintenance	702,503	292,718
Conveyance	1,070,368	741,532
Legal & Professional Charges	1,836,737	1,196,896
Licence & Registration	792,130	421,845
Electricity & Water charges	52,273	48,415
Books & Periodicals	1,792	7,374
General repairs	194,103	73,020
Membership & Subscription	25,700	104,197
Office Expenses	2,055,448	2,187,001
Listing Fee	433,119	140,132
Rates & Taxes	-	1,502,500
Filing Fee	4,500	10,500
(c) Selling & Distribution expenses		
Packing, forwarding & freight	4,355,713	2,969,537
Discounts & Rebate	1,940,104	3,192,186
Advertisements	67,380	40,610
Sales Promotion/ Discount	567,277	681,058
Travelling Exp.	1,289,162	872,390
Other Selling exp.	188,341	118,034

NOTES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	As at 31.03.2012 Current Year Rupees	As at 31.03.2011 Previous Year Rupees
(d) Other Expenses		
Auditors' Remuneration :		
Audit Fee	150,000	150,000
Tax Audit Fees	50,000	50,000
Service Tax	20,600	20,600
Loss on Sales of Assets	73,451	-
Donation	125,500	-
Deferred Revenue Expenses Written Off	558,000	500,000
Foreign Exchange Fluctuation Loss	506,613	
Directors' remuneration :		
(i) Gross salary	4,200,000	2,111,290
(ii) Gross Contribution to PF	360,000	180,000
Directors' Other Expenses :		
(i) Travelling & Other Expenses	2,105,899	3,206,889
	<u>59,495,551</u>	<u>49,915,792</u>
<b>Note No. 23 : Exceptional Items</b>		
Prior period Exps.	<u>2,177,517</u>	<u>4,515,477</u>
	<u>2,177,517</u>	<u>4,515,477</u>
<b>Note No. 24 : Tax Expense</b>		
(a) Current tax :		
Provision for Income tax	6,478,127	3,000,000
Earlier year taxes	1,094,138	160,128
(b) Deferred Tax :	3,944,898	4,721,462
	<u>1,1517,163</u>	<u>7,881,590</u>

**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 are 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. 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 and depreciated on written down value (WDV) method in accordance with provisions of schedule XIV of the Companies Act, 1956 except addition on Machinery w.e.f. 01.04.1989, vehicle and computer w.e.f. 01.04.1996 where S.L.M. method is followed.

**(E) REVENUE RECOGNITION:**

Sales are recognised at the point of dispatch to customers.

**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.

	2012	2011
Earning in foreign currency	Nil	Nil
Expenditure in foreign currency -For capital goods -For others	Rs.147.84 Lac Rs.2.49 Lac	Nil
Foreign exchange fluctuation gain /(loss) recognized in P&L	Rs. (05.07 Lac)	Rs.13.62 Lac

b) 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 and identified on the basis of disclosures made by the company.

Sr.No.	Particulars	Associates	Key Management Personnel	(Amt. in Rs.)	
				Relatives of Key Management Personnel	
1.	Purchase of Goods	-	-	-	
2.	Sales of goods	-	-	-	
3.	Rendering of Services	-	-	-	
4.	Interest Paid	-	-	-	
5.	Rent	-	-	114000/-	

**Name of the related parties and description of relationship.**

Sr.No.	Particulars	Name of the party
1.	Key Management Personnel	Mr.R.S.Gajra Mr.K.R.Gajra
2.	Relatives of Key Management Personnel	Mrs.B.K.Gajra

c) Lease Agreement as per Accounting Standard 19:

The company has entered into Lease Agreement for Mumbai Office on 25.08.2010.

d) Earning per share as per Accounting Standard 20:

	2011-12	2010-11
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	18873877	298360
c. Basic and Diluted earning per share	2.38	0.29

e) 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.

**3. Contingent Liability :**

Particulars	2012	2011
Bank guarantee issued by company's Bankers	Rs. 173.72 Lac	Rs. 127.42 Lacs
Income tax (A.Y. 2001-02) in appeal at Mumbai	Rs. 24.22 Lac	Rs. 33.29 Lacs

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.

Directors Remuneration:	2011-12 (Amount in Rs.)	2010-11 (Amount in Rs.)
Salaries	4200000	2111290
Contribution to P.F.	360000	180000

6. In compliance with the requirement of the Accounting Standard on valuation of Inventories issued by the Institute of Chartered Accountant of India, Excise Duty payable of Rs 337855/- (Prev. Year 373301/-) on Finished Goods at Factory as on 31st March, 2012 has been included in the valuation of the said stocks. This has no impact on profit for the year.
- 7 Amount due to small industries Rs. Nil as on 31.03.2012 out of which amount outstanding for more than Rs. 1.00 lac and due for more than 30 days is Rs. Nil.

**For Kamlesh B. Mehta & Co.**  
**Chartered Accountants**  
Sd/-  
**Kamlesh Mehta**  
**Proprietor**

**Member Ship No: 036323**  
**FRN No: 104676W**

Place: Mumbai  
Date: 15-05-2012

8 CONSUMPTION OF RAW MATERIALS AND CONSUMABLES 2011-2012			2010-2011
a) RAW MATERIALS			
IMPORTED	0		0
INDIGENEOUS	100 173030841		100 82413761
	100 173030841		100 82413761
b) CONSUMABLES			
IMPORTED			
INDIGENEOUS		NIL	NIL
9 CIF VALUE OF IMPORTS			
RAW MATERIALS			
CONSUMABLES		NIL	NIL
10 EARNING IN FOREIGN EXCHANGES (FOB VALUE)		NIL	NIL
11 EXPENDITURE IN FOREIGN EXCHANGES TRAVELLING EXP. OTHER EXP.		NIL	NIL
12 REMITTANCE IN FOREIGN CURRENCY		NIL	NIL

13 EARNING PER SHARE

PARTICULAR	31ST MARCH '2012	31ST MARCH '2011
PROFIT AFTER TAXATION	18873877	2298360
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)	2.38	0.29



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14 QUANTITY DETAILS	2011-2012		2010-2011	
	QTY. NOS.	VALUE RS.	QTY. NOS	VALUE RS.
(A) MANUFACTURING ACTIVITY				
a Licensed Capacity			NO LICENCE REQUIRED	
b Installed Capacity				
i) Gear Box Housings	18000 NOS		18000	
ii) Railways Gears	450 MT		250 MT	
c Production( in nos)				
i) Railways & Indl Gears & Job work	9562		6673	
<b>TOTAL</b>	<b>9562</b>	<b>301100000</b>	<b>6673</b>	<b>157968000</b>
d Sales				
i) Railways & Ind Gears(inc.exports)		275999132		153567197
ii) Ind Gear box		<b>275999132</b>		<b>153567197</b>
iii) Job Total with jobwork	9388	26326298	6752	26544494
e <b>Opening Stocks</b>				
ii) Railways & ind Gears Boxes	211	3624280	290	5902600
f <b>Closing Stocks</b>		<b>3624280</b>		<b>5902600</b>
ii) Railways & ind Gears & Hyd	385	2733458	211	3624280
		<b>2733458</b>		<b>3624280</b>
g Raw materials Consumed				
i) Forgings	8793	<b>173030841</b>		<b>82413761</b>
(B) TRADING ACTIVITY		NIL		NIL
-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.

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

i) Registration Details

Registration No.	11-17202		
Balance Sheet	31.03.2012	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	280974	Total Assets	280,973
Sources of funds		Application of Funds	
Paid Up Capital	79,162	Net fixed Assets	159,547
Reserve and surplus	29,373	Investment	-
Secured Loan	111,140	Net Current Assets	121,426
Unsecured Loan	41,337	Misc Exp	-
DEFERRED TAX LIABILITIES (NET)	19,962		
	280,974		280,973

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

Turnover	303,164	Total Expenditure	253,409
Profit before dep & tax	49,755	Profit after tax	18,874
Earning Per share in Rupee	2.38	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

**For Kamlesh B. Mehta & Co.**

**Chartered Accountants**

Sd/-

**Kamlesh Mehta**  
Proprietor

On behalf of the Board

**Member Shop No 036323**

**FRN No : 104676W**

Sd/-

**R.S. Gajra**  
chairman & Managing Director

Sd/-

**K.R. Gajra**  
Managing Director

DATE : 15-05-2012

PLACE : MUMBAI

## CASH FLOW STATEMENT

	Year ended 3/31/2012	Year ended 3/31/2011
<b>A. Cash flow from operating activities</b>		
Net profit before tax & extraordinary items	30,391,040	10179950
Adjustment for :		
Depreciation	17,186,262	13,965,035
Deferred Revenue Exps. Write-offs	558,000	500,000
(Profit)/loss on sale of Investment	0	
Interest paid		
Less : Interest and dividend received		
Operating profit before working capital changes	<u>48,135,302</u>	<u>24,644,985</u>
Adjustment for :		
Trade and other receivables	(54,499,937)	27,382,634
Inventories	25,858,032	(34,372,438)
Trade payables	<u>52,692,294</u>	<u>(18,251,606)</u>
Cash generated from operations	72,185,691	(596,425)
Direct Tax paid	11,517,163	2,131,764
Cash flow before extraordinary items	60,668,528	(2,728,189)
Extraordinary items	0	0
Net cash from operating activities	<u>60,668,528</u>	<u>(2,728,189)</u>
<b>B. Cash flow from investment activities</b>		
Sale of fixed assets (Net)	935106	0
Profit on sale of Investment	0	0
Purchase of Fixed Assets	(54,012,065)	(46,896,076)
Capital WIP, Cap. Adv. & Pre-op. Exps.	0	0
Sale of Investment	2000	0
Interest received	-	-
Dividend received	0	0
Net cash from investment activities	<u>(53,074,959)</u>	<u>(46,896,076)</u>
<b>C. Cash flow from financing activities</b>		
Repayment of long-term borrowings	-	(24,993,374)
Proceeds from borrowings	10,346,845	79,689,030
Public Issue/Preiliminary Expenses	0	0
Interest paid	-	-
Dividend paid	0	0
Net cash from financing activities	<u>10,346,845</u>	<u>54,695,656</u>
Net increase in cash and cash equivalents	17,940,414	5,071,391
Cash and cash equivalentens at beginning of the year	12,614,584	7,543,193
Cash and cash equivalentens at end of the year	<u>30,554,998</u>	<u>12,614,584</u>

We have checked the above cash flow statement of G.G. Automative Gears Limited, derived from the audited annual financial statement for the period ended 31st March 12, with the books and records maintained in the ordinary course of business and found the same to be in accordance therewith

As Per our report attached  
**For Kamlesh B. Mehta & Co.**  
**Chartered Accountants**

Sd/-  
**Kamlesh Mehta**  
**Proprietor**  
**MEMBER SHOP NO 036323**  
**FRN No :104676W**

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

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

DATE : 15-05-2012 PLACE : MUMBAI

