

**35TH  
ANNUAL REPORT**

**2008-2009**

**G. G. AUTOMOTIVE GEARS LIMITED**

**BOARD OF DIRECTORS:**

Mr. Ram S. Gajra - Chairman & Managing Director  
Mr. Kennedy R. Gajra - Managing Director  
Mr. Prem S. Gajra - Director

**BANKERS:**

State Bank of Indore  
ICICI Bank Ltd  
UTI Bank Ltd

**AUDITORS:**

Kamlesh B. Mehta & Company  
58, Shree Krishna Niwas  
4<sup>th</sup> Floor 496, Kalbadevi Road  
Mumbai -400 002

**REGISTERED OFFICE:**

Bharti Bhavan,  
211/219, P.D. Mellow Road  
Fort, Mumbai - 400 001

**WORKS & CORPORATE OFFICE:**

2-A, Industrial Area No 1  
A B. Road  
Dewas (M. P.) 455 001  
Tel : 404802,405310  
Email : [ggautomotive@yahoo.com](mailto: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

**LISTING OF EQUITY SHARES:**

Bombay Stock Exchange,  
Indore Stock Exchange,  
New Delhi Stock Exchange,  
Ahmedabad Stock Exchange  
Chennai Stock Exchange

**Notice:**

Notice is hereby given that the 35th Annual General Meeting of the Members of G. G. Automotive Gears Ltd will be held on Saturday 30<sup>th</sup> September 2009 at 11.00 a.m. at 211/219 Bharti Bhawan P. D. Mello Road Mumbai to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt Audited Balance Sheet of the Company as at 31<sup>st</sup> March '2009 and the Profit & Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ram Gajra, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**NOTES:**

**A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself and a proxy need not to be a member of the Company. Proxies in order to be affective must be received by the company not less than 48 hours before the meeting.**

Documents referred to in the accompanying notice are open for inspection at the registered office of the Company during office hours on all working days except Sunday upto the day of Annual General Meeting.

The register of members and share transfer books of the company will remain closed from 23-09-2009 to 30-09-2009 (both days inclusive)

Shareholders seeking any information about accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready.

Members are requested to notify the change, if any, in their address, at the administrative office of the Company.

Member / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.

Since the securities of your Company have come under the compulsory Dematerialization as per the requirements of SEBI, henceforth all the members are requested to get their shares dematerialized at earliest.

**For and on the behalf of the Board of Directors  
For G. G. AUTOMOTIVE GEARS**

**Sd/-  
(Ram S. Garja)  
Chairman & Managing Director  
Place: Mumbai  
Date: 06.05.2009**

# DIRECTOR REPORT

Your directors have pleasure to present the 35th Annual Report together with the audited statement to accounts of the Company for the year ended 31<sup>st</sup> March 2009

## Financial Resulted:-

|  | YEAR ENDED<br>31/03/2009(Rs. In lacs) | YEAR ENDED<br>31/03/2008 (Rs.in Lacs) |
|--|---------------------------------------|---------------------------------------|
| Sales and other Income                 | 516.91                                | 452.71                                |
| Profit/(Loss) before Interest and Dep. | 118.45                                | 55.34                                 |
| Less : Interest                        | 31.45                                 | 05.80                                 |
| Profit/(Loss) Before Depreciation      | 87.00                                 | 49.54                                 |
| Less : Depreciation                    | 18.73                                 | 21.30                                 |
| Profit/(Loss) before taxation          | 68.27                                 | 28.24                                 |
| Provision for Taxation                 | 10.57                                 | 07.32                                 |
| Profit/(Loss) After taxation           | 57.69                                 | 20.92                                 |

## OPERATIONS :

During the year under review the sales and other income of your company was Rs.516.91 lacs compared with Rs. 452.71 during previous year which resulted in net Profit of Rs. 57.69 lacs compared with profit Rs. 20.92 lacs during the previous year.

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

## DIVIDEND :

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

## DIRECTORS RESPONSIBILITY STATEMENT :

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

- 1) That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 2) 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 profit of the Company for the period.

- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- 4) That the annual Accounts have been prepared on a going concern basis.

#### **PARTICULARS OF EMPLOYEES :**

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

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

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

#### **PUBLIC DEPOSITS :**

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

#### **AUDITORS REPORT :**

The observation made in the Auditors Report are self explanatory and need no further explanations .

#### **STATEMENT PURSUANT TO LISTING AGREEMENTS (S)**

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

#### **CORPORATE GOVERNANCE :**

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges(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 & Company, the Statutory Auditors of the Company , retire at the ensuing Annual General Meeting and being eligible has given a certificate in accordance with the provisions of Section 224(1) of the Companies Act, 1956 and accordingly offers themselves for reappointment.

**ACKNOWLEDGEMENT :**

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

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

Sd/-  
Ram S. Gajra  
Chairman & Managing Director

Place : Mumbai  
Date : 06.05.2009

## ANNEXURE TO THE DIRECTOR'S REPORT

### Annexure A

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

### FORM A

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

| Sno | Power and Fuel Consumption (Electricity)                       | Current Year (2008-09)     | Previous Year (2007-08)   |
|-----|--|----------------------------|---------------------------|
| 1   | Purchased unit ( KWH)<br>Amount ( In Rs.)<br>Rate / Unit ( Rs) | 1016070<br>5292905<br>4.22 | 740876<br>4052204<br>5.47 |

### OUR OWN GENERATION

| Sno | Power and Fuel Consumption (Electricity)                             | Current Year (2008-09)  | Previous Year (2007-08) |
|-----|--|-------------------------|-------------------------|
| 1   | Through D.S.Set unit ( KWH)<br>Amount ( In Rs.)<br>Rate / Unit ( Rs) | 4070<br>176968<br>43.48 | 1600<br>76284<br>47.67  |

### 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 (2008-09) | Previous Year (2007-08) |
|--------------|------------------------|-------------------------|
| Earning (Rs) | 5.91                   | Nil                     |
| Outgo (Rs)   | Nil                    | Nil                     |

**ANNEXURE- B**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**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.

**b) Review of operations:**

Operations of the Company has been satisfactory and more particularly described in Directors' report.

**c) Opportunities and Outlook:**

The company is taking maximum efforts to capitalize on business opportunities & further expect a better outlook in the coming years.

**d) Risk factors:**

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

**f) Internal control system and adequacy:**

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

**g) Human Resources Policies:**

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 actuate the talent by providing opportunities to develop themselves within the organization. The company continued to have maintained a very cordial & harmonious relations with its employees.

**FOR G. G. AUTOMOTIVE GEARS LIMITED**

**Sd/-**

**RAM GAJRA**

**(CHAIRMAN)**

**DATE: 06-05-2009**

**PLACE: MUMBAI**



## **ANNEXURE- C**

### **CORPORATE GOVERNANCE REPORT**

#### **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. The company has also consistently followed good corporate policy.

#### **2. Board of Directors:**

The Board of the Company comprises of three Directors out of which Chairman is Managing Director while other two Directors are Ex. Directors. There are no nominee or Institutional Directors in the Company. The Board is in process of enlarging the present board in view of compliance of Corporate Governance.

None of Directors has pecuniary or Business relationship with the Company other than as mentioned in annual Accounts. 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.

During the year there were in total 5 (Five) Board Meetings were held i.e. on 05-06-2008; 25-08-2008; 14.10.2008; 15.01.2009; 20.03.2009. 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.

| <b>Sr. No.</b> | <b>Name of Director</b> | <b>Category</b>              | <b>No. of Board meetings Attended</b> | <b>Attendance at Last AGM</b> | <b>No. Of Other Directorship</b> | <b>No. Of Other Committee membership In other Companies</b> |
|----------------|-------------------------|------------------------------|---------------------------------------|-------------------------------|----------------------------------|---|
| 1.             | Mr. Ram Gajra           | Chairman & Managing Director | 05                                    | Yes                           | Nil                              | Nil   |
| 2.             | Mr. Kennedy Gajra       | Managing Director            | 05                                    | Yes                           | Nil                              | Nil   |
| 3.             | Mr. Prem Gajra          | Whole-Time Director          | 05                                    | No                            | Nil                              | Nil   |

## **Committees of the Board:**

### **a. Audit Committee**

Pursuant to the provisions of section 292(A) of The Companies Act, 1956 & clause 49 of Listing Agreement, an Audit Committee comprising of 3 Non Ex. Directors will be formed soon.

Following are the members of the Committee.

Mr. K. Gajra – Chairman  
Mr. Ram Gajra – Member  
Mr. J. S. Gajra – Member.

The audit committee has held 4 (four) meetings during the year. The said meetings were attended by all the committee members.

Board terms of reference of the Audit Committee are as per following:

1. Approving and implementing the Audit procedures and techniques.
2. Reviewing audit reports of both statutory and internal auditors with auditors and management.
3. Reviewing financial reporting systems, internal control systems and control procedures.
4. Ensuring compliance with regulatory guidelines.

### **b. Shareholders/Investors Grievance Committee**

The Board of Directors has constituted as Share Transfer and Shareholders Grievance Committee comprising of Mr. Kennedy Gajra, Mr. Ram Gajra & Mr. Prem Gajra. Mr. Kennedy Gajra is a Chairman of the Committee. The Committee approves and monitors transfers, transmissions, splits and other related works, investigates and directs redressal of shareholders grievance. Share transfer and other related work are processed well within the period stipulated by SEBI. The status of grievances is as follows:

The committee met 4 (four) times during the year ended on 31<sup>st</sup> March, 2009.

### 3. General Body Meetings:

Details of last three Annual General Meetings are given below:

| Financial Year | Date                             | Time     | Venue        | Special Resolution(s) |
|----------------|----------------------------------|----------|--------------|-----------------------|
| 2005-06        | 30 <sup>th</sup> September, 2006 | 4.00 pm  | Regd. Office | N.A.                  |
| 2006-07        | 29 <sup>th</sup> September, 2007 | 4.00 pm  | Regd. Office | N.A.                  |
| 2007-08        | 30 <sup>th</sup> September, 2008 | 11.00 am | Regd. Office | N.A.                  |

### 4. Disclosures:

During the year under review, besides the transactions reported elsewhere, there were no other related party transactions of material nature with the promoters, Directors, the management or their subsidiaries or relatives during the year that may have potential conflict with the interest of the company at large.

### 5. Means of Communication:

The yearly/quarterly results are submitted with delay to stock Exchanges. The said results are also posted on the Web Site of the Company [www.ggautomotive.com](http://www.ggautomotive.com).

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

Management discussion & Analysis Report is attached herewith forming part of the Annual Report.

### 6. General Shareholders Information:

- i. The 35th Annual General Meeting is scheduled to be held on Saturday 30<sup>th</sup> September 2009 at 11.00 a.m. at Regd. Office of the Company.
- 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)       | End of July                      |
| Mailing of Annual Reports                           | End of August                    |
| Annual General Meeting                              | 30 <sup>th</sup> September, 2009 |
| Payment of Dividend                                 | N.A.                             |
| Second quarter results (30 <sup>th</sup> September) | End of October                   |

- iii. Book Closure dates are from Tuesday 23<sup>rd</sup> September, 2009 to Tuesday, the 30<sup>th</sup> September, 2009 (both days inclusive).
- iv. The Board of Directors have not proposed any dividend for the current financial year.
- v. The company's shares are listed at Mumbai, Indore, New Delhi, Ahmadabad and Chennai Stock Exchanges out of which Mumbai is a Regional Stock Exchange.

**vi. Market price data**

(All figures in Indian Rupees)

| Months       | Price |      |       | Volume<br>(No. Of<br>Shares) | BSE<br>SENSEX |
|--------------|-------|------|-------|------------------------------|---------------|
|              | High  | Low  | Close |                              |               |
| April-08     | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |
| May-08       | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |
| June-08      | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |
| July-08      | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |
| August-08    | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |
| September-08 | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |
| October-08   | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |
| November-08  | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |
| December-08  | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |
| January-09   | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |
| February-09  | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |
| March-09     | N.A.  | N.A. | N.A.  | N.A.                         | N.A           |

**vii. Share Transfer System**

The Share transfer of Securities in Physical form are registered, duly transferred and dispatched within one month of the receipt, if the transfer documents are in order. The share transfers are approved every fifteen days.

Address of Registrars and Share Transfer Agent.

Purva Sharegistry (India) Private Limited.  
33, Printing House, 28-D, Police Court Lane,  
Behind Old Handloom House, Fort, Mumbai - 400 001

**viii. Distribution of Shareholding as on 31<sup>st</sup> March, 2009**

| Share holding of Nominal Value of Rs. | Shareholders No. | % of Total | Share Amt. | % of Total |
|---------------------------------------|------------------|------------|------------|------------|
|                                       |                  |            | Rs.        |            |
| UPTO -- 5,000                         | 3492             | 64.56      | 8803400    | 11.12      |
| 5001-10,000                           | 966              | 17.86      | 8330670    | 10.52      |
| 10,001-20,000                         | 468              | 8.65       | 7462340    | 9.43       |
| 20,001-30,000                         | 175              | 3.24       | 4581880    | 5.79       |
| 30,001-40,000                         | 96               | 1.77       | 3416450    | 4.32       |
| 40,001-50,000                         | 57               | 1.05       | 2694010    | 3.40       |
| 50,001-1,00,000                       | 97               | 1.79       | 6966010    | 8.80       |
| 1,00,001 AND ABOVE                    | 58               | 1.07       | 36906910   | 46.62      |
| TOTAL                                 | 5409             | 100.00     | 79161670   | 100        |

i. Dematerialization of securities

The company's shares were dematerialized vide a Tripartite agreement executed between NSDL, CDSL and the Company. As on 31<sup>st</sup> March, 2009 64,250,44 Equity Shares representing 81.16% were held in Demat form & the balance 14,91,123 Equity Shares representing 18.84% were in physical form.

ii. Company has not issued either ESOP or any GDRs/ADRs/Warrants/Convertible instrument. However the company issued 31,66,467 Equity Shares as bonus shares on 23/10/2003.

iii. The Company's Plant is located as under.  
2-A, Industrial Area No. 1, A. B. Road, Dewas M. P. - 455 001

iv. Address for correspondence:  
Shareholders of the company can send correspondence at company's share & Transfer Agent's Office or the Administration office of the company situated at following address.

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

**CEO/CFO CERTIFICATION**

To,  
The Board of Directors,  
G. G. AUTOMOTIVE GEARS LIMITED  
Bharti Bhavan,  
211/219, P D'Mello Road,  
Mumbai- 400001

We hereby certify that for the financial year, ending 31<sup>st</sup> March 2009 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/-  
**Mahavir Prasad Joshi**  
(CEO)

sd/-  
**Narayan Shrivastava**  
(CFO)

Date- 06-05-2009  
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- 06-05-2009  
Place- Mumbai

## **AUDITORS REPORT ON CORPORATE GOVERNANCE**

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

We have reviewed the implementation of Corporate Governance produced by the company during the year ended 31<sup>st</sup> March, 2007 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 Clauses 49 I, 49 II 49VI A, B & C.

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)**  
**M. No. 363236**  
**Date- 06-05-2009**  
**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, 2009**, 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, 2009, 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, 2009, 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, 2009.  
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 : 06.05.2009

**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' 2009**

- 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. Except some delays.
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 : 06.05.2009

G.G. AUTOMOTIVE GEARS LTD.  
BALANCE SHEET AS AT 31/03/2009

| SCHEDULE  | 2009<br>(Rupees)    | 2008<br>(Rupees)    |
|---|---------------------|---------------------|
| <b>SOURCES OF FUNDS:</b>  |                     |                     |
| <b>SHAREHOLDERS' FUNDS</b>  |                     |                     |
| 'A'   | 7,91,61,670         | 7,91,61,670         |
| 'B'   | 46,61,720           | 9,44,210            |
|   | <b>8,38,23,390</b>  | <b>8,01,05,880</b>  |
| <b>LOAN FUNDS</b>   |                     |                     |
| 'C'   | 39,24,674           | 2,33,09,257         |
| 'D'   | 3,24,52,188         | 1,51,34,151         |
|   | 93,67,168           | 76,87,405           |
|   | <b>4,57,44,030</b>  | <b>4,61,30,813</b>  |
| <b>TOTAL</b>  | <b>12,95,67,420</b> | <b>12,62,36,693</b> |
| <b>APPLICATION OF FUNDS:</b>  |                     |                     |
| <b>FIXED ASSETS</b>   |                     |                     |
| 'E'   | 13,33,22,505        | 11,86,61,904        |
|   | 8,88,60,583         | 8,69,86,920         |
|   | 4,44,61,922         | 3,16,74,984         |
|   | <b>4,44,61,922</b>  | <b>4,07,79,585</b>  |
| <b>INVESTMENTS</b>  |                     |                     |
| 'F'   | <b>2,000</b>        | <b>2,000</b>        |
| <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>                                     |                     |                     |
| 'G'   | 22,10,353           | 29,05,048           |
|   | 5,53,13,846         | 5,62,82,851         |
|   | 35,76,819           | 37,82,737           |
|   | 5,56,16,641         | 5,46,73,647         |
|   | <b>11,67,17,659</b> | <b>11,76,44,283</b> |
| <b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>                               |                     |                     |
| 'H'   | 3,14,93,294         | 3,26,93,669         |
|   | 16,78,867           | 15,53,506           |
|   | <b>3,31,72,161</b>  | <b>3,42,47,175</b>  |
|   | <b>8,35,45,498</b>  | <b>8,33,97,108</b>  |
| <b>MISCELLANEOUS EXPENDITURE</b><br>(To the extent not written off or adjusted) |                     |                     |
| 'I'   | <b>15,58,000</b>    | <b>20,58,000</b>    |
| <b>TOTAL</b>  | <b>12,95,67,420</b> | <b>12,62,36,693</b> |
| <b>NOTES ON ACCOUNTS</b>  |                     |                     |
| '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

sd/-  
Kamlesh Mehta  
Proprietor  
DATE : 06.05.2009  
PLACE : MUMBAI

sd/-  
R.S. GAJRA  
CHAIRMAN &  
MG. DIRECTOR

On behalf of the Board  
sd/-  
K.R. GAJRA  
MANAGING DIRECTOR

G.G. AUTOMOTIVE GEARS LTD.  
PROFIT & LOSS ACCOUNT AS AT 31/03/2009

|  | SCHEDULE | 2009<br>(Rupees)   | 2008<br>(Rupees)   |
|--|----------|--------------------|--------------------|
| <b>INCOME :</b>                                    |          |                    |                    |
| Sales  | 'Q'      | 57,86,662          | 1,58,06,617        |
| Job Work   | 'R'      | 4,52,91,413        | 2,94,30,316        |
| Other Income                                       |          | 6,13,613           | 34,650             |
|  |          | <b>5,16,91,688</b> | <b>4,52,71,583</b> |
| <b>EXPENDITURE :</b>                               |          |                    |                    |
| Materials  | 'J'      | 18,05,634          | 50,37,987          |
| Manufacturing                                      | 'K'      | 1,11,96,418        | 1,28,58,597        |
| Employees  | 'L'      | 1,11,54,628        | 84,37,447          |
| Office & Administrative                            | 'M'      | 42,18,529          | 35,53,601          |
| Selling & Distribution                             | 'N'      | 71,82,811          | 27,12,079          |
| Interest & Finance Charges                         | 'O'      | 31,45,748          | 5,80,461           |
| Others   | 'P'      | 22,38,148          | 20,22,871          |
| (Increase)/Decrease In Stock                       |          | 20,49,636          | 51,14,405          |
|  |          | <b>4,29,91,552</b> | <b>4,03,17,448</b> |
| <b>PROFIT BEFORE DEPRECIATION &amp; INCOME TAX</b> |          |                    |                    |
| Less : Depreciation                                |          | 87,00,136          | 49,54,135          |
| Less : Provision for Income Tax                    |          | 18,73,663          | 21,30,067          |
| Less : Provision for FBT tax                       |          | 9,38,113           | 6,50,000           |
|  |          | 1,19,118           | 81,870             |
| <b>PROFIT/(LOSS) FOR THE YEAR</b>                  |          |                    |                    |
| Add/(Less) : Deferred Tax Liabilities              |          | 57,69,242          | 20,92,198          |
| Net Profit for the year                            |          | <b>(16,79,763)</b> | <b>(10,55,766)</b> |
| Less : Prior year exp                              |          | 40,89,479          | 10,36,432          |
|  |          | <b>(3,71,969)</b>  | <b>(2,64,165)</b>  |
|  |          |                    | 51,603             |
| Add/Less : Balance brought forward                 |          | <b>37,17,510</b>   | <b>8,23,870</b>    |
|  |          | <b>(48,57,920)</b> | <b>(56,81,790)</b> |
| Net Balance Carried Forward to Balance Sheet       |          | <b>(11,40,410)</b> | <b>(48,57,920)</b> |

'S'

NOTES ON ACCOUNTS  
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

sd/-  
Kamlesh Mehta  
Proprietor

sd/-  
R.S.GAJRA  
CHAIRMAN &  
MG. DIRECTOR

On behalf of the Board

sd/-  
K.R. GAJRA  
MANAGING DIRECTOR

DATE : 06.05.2009  
PLACE : MUMBAI

G.G.AUTOMOTIVE GEARS LTD.  
 SCHEDULE FORMING PART OF BALANCESHEET FOR THE YEAR 31/03/2009  
 SCHEDULE "A"

|  | 2009<br>(Rupees)   | 2008<br>(Rupees)   |
|--|--------------------|--------------------|
| <b>SHARE CAPITAL</b>   |                    |                    |
| <b>AUTHORISED</b>  |                    |                    |
| 8000000 Equity Shares of Rs. 10/- each<br>(Previous year 80,00,000 shares of Rs. 10/-<br>each) | 8,00,00,000        | 8,00,00,000        |
|  | <u>8,00,00,000</u> | <u>8,00,00,000</u> |
| <b>ISSUED, SUBSCRIBED AND PAID UP</b>  |                    |                    |
| ( 7916167 Equity Shares of Rs. 10/- each fully paidup  | 7,91,61,670        | 7,91,61,670        |
|  | <u>7,91,61,670</u> | <u>7,91,61,670</u> |

**SHARE CAPITAL**

**SCHEDULE "B" RESERVES & SURPLUS**

A) **SHARE PREMIUM**  
 Balance as per last Balance Sheet

|           |           |
|-----------|-----------|
| 58,02,130 | 58,02,130 |
|-----------|-----------|

TOTAL (A)

B) **PROFIT & LOSS ACCOUNT**  
 Balance as per Last Balance  
 Add/Loss : Profit(loss) during the year

|                    |                    |
|--------------------|--------------------|
| 58,02,130          | 58,02,130          |
| (48,57,920)        | (56,81,790)        |
| 37,17,510          | 8,23,870           |
| <u>(11,40,410)</u> | <u>(48,57,920)</u> |

TOTAL (B)

**TOTAL RESERVE (A + B)**

|           |          |
|-----------|----------|
| 46,61,720 | 9,44,210 |
|-----------|----------|

G.G.AUTOMOTIVE GEARS LTD.  
 SCHEDULE FORMING PART OF BALANCESHEET FOR THE YEAR 31/03/2009  
 SCHEDULE "C"

2009  
 (Rupees)

2008  
 (Rupees)

SECURED LOANS :

|   |                  |                    |
|---|------------------|--------------------|
| (A) UNION BANKOF INDIA<br>TERM LOAN       | 36,26,674        | 40,17,757          |
| (B) ICICI BANK LTD                        | 2,98,000         | 5,21,500           |
| (C) STATE BANK OF INDORE (CORPORATE LOAN) | -                | 1,87,70,000        |
|   | <u>39,24,674</u> | <u>2,33,09,257</u> |

SCHEDULE "D"

UNSECURED LOANS

From Members (interest free)  
 From Directors Jointly with Members

|                    |                    |
|--------------------|--------------------|
| 50,000             | 50,000             |
| 3,24,02,188        | 1,50,84,151        |
| <u>3,24,52,188</u> | <u>1,51,34,151</u> |



**G.G. AUTOMOTIVE GEARS LIMITED**

**SCHEDULE "E"  
FIXED ASSETS**

| DESCRIPTION OF ASSETS.              | RATE OF DEP. | ORIGINAL COST AS ON 01/04/2008 | ADDITION DURING THE YEAR | SALE DURING THE YEAR | ORIGINAL COST AS ON 31.03.2009 | D UP TO 01.04.2008 | E P R E C I A T I O N DURING THE YEAR (ON REV.) | A T I O N WRITTEN BACK DURING THE YEAR | A S O N 31.3.2009 | NET BLOCK AS ON |             |
|-------------------------------------|--------------|--------------------------------|--------------------------|----------------------|--------------------------------|--------------------|---|--|-------------------|-----------------|-------------|
|                                     |              |                                |                          |                      |                                |                    |   |  |                   | 31.03.2009      | 31.03.2008  |
| LEASE HOLD LAND                     |              |                                |                          |                      |                                |                    |   |  |                   |                 |             |
| BUILDING                            | 10%          | 9,607                          | -                        | -                    | 9,607                          | 3,068              | 97  | -                                      | 3,165             | 6,442           | 6,539       |
| PLANT & MACHINERY (BEFORE 01.04.89) | NIL          | 92,16,066                      | -                        | -                    | 92,16,066                      | 65,06,299          | 82,001  | -                                      | 65,88,300         | 26,27,766       | 27,09,767   |
| PLANT & MACHINERY (AFTER 01.04.89)  | 3.34% SLM    | 2,93,90,509                    | -                        | -                    | 2,93,90,509                    | 2,49,11,501        | -   | -                                      | 2,49,11,501       | 44,79,008       | 44,79,008   |
| FURNITURE & FIXTURE                 | 10% WDV      | 6,68,37,812                    | 1,30,25,601              | -                    | 7,98,63,413                    | 4,47,89,904        | 15,37,772                                       | -                                      | 4,63,27,676       | 3,35,35,737     | 2,20,47,908 |
| OFFICE EQUIPMENT                    | 15% WDV      | 25,76,576                      | -                        | -                    | 25,76,576                      | 19,11,339          | 66,523  | -                                      | 19,77,862         | 5,98,714        | 6,65,237    |
| ELECTRICAL INSTALLATION             | 15% WDV      | 18,92,305                      | -                        | -                    | 18,92,305                      | 16,59,336          | 34,944  | -                                      | 16,94,280         | 1,98,025        | 2,32,969    |
| LABORATORY EQUIPMENT                | 15% WDV      | 8,74,935                       | -                        | -                    | 8,74,935                       | 8,47,551           | 4,107   | -                                      | 8,51,658          | 23,277          | 27,384      |
| VEHICLES (BEFORE 1.4.96)            | 25.89% WDV   | 38,576                         | -                        | -                    | 38,576                         | 36,648             | -   | -                                      | 36,648            | 1,928           | 1,928       |
| VEHICLES (AFTER 1.4.96)             | 9.30% SLM    | 8,73,688                       | -                        | -                    | 8,73,688                       | 8,48,889           | 6,017   | -                                      | 8,54,906          | 18,782          | 24,799      |
| COMPUTER (BEFORE 1.4.96)            | 40% WDV      | 29,33,384                      | 16,35,000                | -                    | 45,68,384                      | 21,70,885          | 1,20,530  | -                                      | 22,91,415         | 22,76,969       | 7,62,499    |
| COMPUTER (AFTER 1.4.96)             | 16.21% SLM   | 18,02,629                      | -                        | -                    | 18,02,629                      | 17,30,584          | -   | -                                      | 17,30,584         | 72,045          | 72,045      |
| GOODWILL                            |              | 17,15,817                      | -                        | -                    | 17,15,817                      | 15,70,916          | 21,672  | -                                      | 15,92,588         | 1,23,229        | 1,44,901    |
| <b>TOTAL</b>                        |              | 5,00,000                       | -                        | -                    | 5,00,000                       | -                  | -   | -                                      | -                 | 5,00,000        | 5,00,000    |
| <b>PREVIOUS YEAR</b>                |              | 11,86,61,904                   | 1,46,60,601              | -                    | 13,33,22,505                   | 8,69,86,920        | 18,73,663                                       | -                                      | 8,88,60,583       | 4,44,61,922     | 3,16,74,984 |
|                                     |              | 11,04,61,714                   | 82,00,190                | -                    | 11,86,61,904                   | 8,48,56,853        | 21,30,067                                       | -                                      | 8,69,86,920       | 3,16,74,984     | 2,56,04,861 |

G.G.AUTOMOTIVE GEARS LTD.  
 SCHEDULE FORMING PART OF BALANCESHEET FOR THE YEAR 31/03/2009

| SCHEDULE "E"                           | 2009<br>(Rupees) | 2008<br>(Rupees) |
|--|------------------|------------------|
| INVESTMENTS (At Cost)                  |                  |                  |
| (A) UNQUOTED :                         |                  |                  |
| Government or Trust Securities         |                  |                  |
| National Saving Certificates           | 2,000            | 2,000            |
| (Deposited with Sales Tax Authorities) |                  |                  |
|  | <u>2,000</u>     | <u>2,000</u>     |

SCHEDULE "C"

**CURRENT ASSETS, LOANS & ADVANCES**

**INVENTORIES** (As per inventory taken, valued

and Certified by management)

Raw Materials (At cost)

Work in progress (At cost)

Finished goods

(At lower of cost or market price)

Branch Stock

Stores, Tools, Jig & Spares (At cost)

Scrap (at realisable value)

Excise Duty on Closing Stock

|                  |                  |
|------------------|------------------|
| 13,21,110        |                  |
| 1,79,914         | 1,00,000         |
| 5,25,250         | 26,55,000        |
| 45,048           | 45,048           |
| 90,550           | 1,00,000         |
| 5,200            | 5,000            |
| 43,281           |                  |
| <u>22,10,353</u> | <u>29,05,048</u> |

**SUNDRY DEBTORS**

(Unsecured, Considered good)

Other ( For less than six Months)

Outstanding for a period exceeding six months

|                    |                    |
|--------------------|--------------------|
| 76,40,957          | 23,47,791          |
| 4,76,72,889        | 5,39,35,060        |
| <u>5,53,13,846</u> | <u>5,62,82,851</u> |

**CASH & BANK BALANCES**

Cash in hand

20,575

Balance with Banks :

(i) On current accounts

(ii) On Deposit accounts

|                  |                  |
|------------------|------------------|
| 26,23,753        | 28,97,577        |
| 9,22,541         | 8,64,585         |
| <u>35,46,294</u> | <u>37,62,162</u> |

**LOANS & ADVANCES**

(unsecured, Considered good)

Advances (Recoverable in cash or

kind or for value to be received)

Inter Corporate Deposits with body corporate

Tax deducted at sources

Deposits

|             |             |
|-------------|-------------|
| 3,53,16,133 | 3,46,54,695 |
| 1,74,44,151 | 1,74,44,151 |
| 13,14,740   | 12,46,371   |
| 15,41,617   | 13,28,430   |

**Total Current Assets**

|                     |                     |
|---------------------|---------------------|
| <u>5,56,16,641</u>  | <u>5,46,73,647</u>  |
| <u>11,87,17,659</u> | <u>11,76,44,283</u> |

G.G.AUTOMOTIVE GEARS LTD.  
 SCHEDULE FORMING PART OF BALANCESHEET FOR THE YEAR 31/03/2009  
 SCHEDULE "H"

|   | 2009<br>(Rupees)   | 2008<br>(Rupees)   |
|---|--------------------|--------------------|
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b> |                    |                    |
| <b>CURRENT LIABILITIES</b>                  |                    |                    |
| Sundry Creditors                            | 1,65,37,440        | 1,55,10,902        |
| Customers' Credit Balance                   | 9,17,099           | 13,17,419          |
| Other Creditors                             | 1,39,95,474        | 1,53,29,097        |
| Central Excise Duty on Closing Stock        | 43,281             | 5,38,251           |
|   | <b>3,14,93,294</b> | <b>3,26,93,669</b> |

|                   |                    |
|-------------------|--------------------|
| <b>PROVISIONS</b> |                    |
| Income Tax        | 16,78,867          |
|                   | <b>3,31,72,161</b> |

**CURRENT LIABILITIES & PROVISIONS**

**SCHEDULE "I"**

**MISCELLANEOUS EXPENDITURE**  
 (To the extent not written off or adjusted)  
 Deferred Revenue Expenses ( Export)  
 Balance as per last account

|                                   |                  |
|-----------------------------------|------------------|
|                                   | 2058000          |
| Less: written off during the year | 500000           |
|                                   | <b>15,58,000</b> |

**SCHEDULE "J"**

**MATERIALS CONSUMED**  
 (a) Raw materials consumption

|                      |                  |                  |
|----------------------|------------------|------------------|
| Opening Stock        | 31,26,744        | 50,37,987        |
| Add : Purchases      | 31,26,744        | 50,37,987        |
|                      | <b>13,21,110</b> |                  |
| Less : Closing Stock | 18,05,634        | 50,37,987        |
|                      |                  | <b>20,58,000</b> |

G.G.AUTOMOTIVE GEARS LTD.  
 SCHEDULE FORMING PART OF BALANCESHEET FOR THE YEAR 31/03/2009  
 SCHEDULE "K"

|                               | 2009<br>(Rupees)   | 2008<br>(Rupees)   |
|-------------------------------|--------------------|--------------------|
| <b>MANUFACTURING EXPENSES</b> |                    |                    |
| Consumables                   | 35,87,835          | 48,80,919          |
| Power & Electricity           | 52,92,905          | 40,52,204          |
| Insurance                     | 1,07,562           | 85,600             |
| Mach. Repairs & Maintenance   | 7,95,780           | 6,35,277           |
| Building Repairs              | 1,36,782           | 98,733             |
| Job Charges                   | 7,21,367           | 4,73,852           |
| Freight, Cartage etc.         | 2,12,203           | 3,47,865           |
| Inspection Charges            | 7,800              | -                  |
| Testing Charges               | 19,210             | 6,77,063           |
| Entry tax                     | 1,38,006           | 1,27,225           |
| Diesel                        | 1,76,968           | 76,284             |
| Excise Duty on Closing Stock  | -                  | (40,268)           |
| Excise Duty                   | -                  | 14,43,843          |
|                               | <b>1,11,96,418</b> | <b>1,28,58,597</b> |

**SCHEDULE "L"**

**EMPLOYEES EXPENSES**

|                                      |                    |                  |
|--------------------------------------|--------------------|------------------|
| Salary, Wages, Bonus & Allowances    | 94,36,470          | 70,51,068        |
| Contribution to Welfare funds        | 11,04,938          | 8,70,072         |
| Staff & Labour welfare & Hospitality | 2,63,220           | 1,66,307         |
| Gratuity                             | 3,50,000           | 3,50,000         |
|                                      | <b>1,11,54,628</b> | <b>84,37,447</b> |

**SCHEDULE "M"**

**OFFICE & ADMINISTRATIVE EXPENSES**

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Stationery & Printing        | 1,60,620         | 93,670           |
| Postage & Telegram           | 29,118           | 43,545           |
| Telephone                    | 4,26,470         | 3,70,681         |
| Rent                         | 1,14,000         | 1,14,000         |
| Vehicle Maintenance          | 6,44,329         | 5,71,230         |
| Conveyance Charges           | 8,79,240         | 4,27,767         |
| Legal & Professional Charges | 5,92,473         | 5,72,230         |
| Licence & Registratin        | 73,872           | 83,150           |
| Filing Fee                   | 18,000           | 1,000            |
| Electricity & Water charges  | 1,22,493         | 23,331           |
| Book & Periodical            | 5,733            | 4,500            |
| Miscellaneous Expenses       | 1,14,643         | 1,17,638         |
| Office Expenses              | 9,92,656         | 10,87,969        |
| Listing Fee                  | 44,882           | 42,870           |
|                              | <b>42,18,529</b> | <b>35,53,601</b> |

**SCHEDULE "N"**

**SELLING & DISTRIBUTION EXPENSES**

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Packing, forwarding & freight | 8,03,551         | 6,08,394         |
| Discounts & Rebate            | 52,41,702        | 3,71,762         |
| Advertisements                | 22,500           | 17,000           |
| Sales Promotion/ Discount     | 1,23,883         | 1,21,524         |
| Travelling exp.               | 9,52,785         | 6,86,752         |
| Other Selling exp.            | 38,390           | 9,06,647         |
|                               | <b>71,82,811</b> | <b>27,12,079</b> |

G.G.AUTOMOTIVE GEARS LTD.  
 SCHEDULE FORMING PART OF BALANCESHEET FOR THE YEAR 31/03/2009  
 SCHEDULE "O"

|                                       | 2009<br>(Rupees) | 2008<br>(Rupees) |
|---------------------------------------|------------------|------------------|
| <b>OTHER EXPENSES</b>                 |                  |                  |
| Directors' Remuneration -             |                  |                  |
| Gross salary                          | 6,00,000         | 3,00,806         |
| Gross Contribution to PF              | 72,000           | 36,000           |
| <b>Directors' Other Expenses</b>      |                  | 22,472           |
| Travelling & Other Expenses           |                  | 10,51,233        |
| <b>Auditors' Remuneration's</b>       |                  |                  |
| Audit Fee                             | 75,000           | 75,000           |
| Tax Audit Fees                        | 25,000           | 25,000           |
| Service Tax                           | 10,300           | 12,360           |
| <b>Others :</b>                       |                  |                  |
| Donation                              | 401              | -                |
| Iso Audit Fees                        | 15,883           | 22,472           |
| Deferred Revenue Expenses Written Off | 5,00,000         | 5,00,000         |
|                                       | <b>22,38,148</b> | <b>20,22,871</b> |

**SCHEDULE "P"**

**INCREASE/DECREASE IN STOCK**

|                        |                  |                  |
|------------------------|------------------|------------------|
| <b>Opening Stock :</b> |                  |                  |
| Finished Goods         | 26,55,000        | 27,48,600        |
| Work In Progress       | 1,00,000         | 51,05,805        |
| Scrap                  | 5,000            | 20,000           |
| Branch Stock           | 45,048           | 45,048           |
|                        | <b>28,05,048</b> | <b>79,19,453</b> |
| <b>Closing Stock :</b> |                  |                  |
| Finished Goods         | 5,25,250         | 26,55,000        |
| Work In Progress       | 1,79,914         | 1,00,000         |
| Scrap                  | 5,200            | 5,000            |
| Branch Stock           | 45,048           | 45,048           |
|                        | <b>7,55,412</b>  | <b>28,05,048</b> |
|                        | <b>20,49,636</b> | <b>51,14,405</b> |

**SCHEDULE "Q"**

**SALES**

|                           |             |
|---------------------------|-------------|
| Sales Of Mfg. Goods       | 1,43,62,774 |
| Add : Excise Duty         | 14,43,843   |
| Gross Sales of Mfg. Goods | 1,58,06,617 |

**SCHEDULE "R"**

**OTHER INCOME**

|                              |                 |               |
|------------------------------|-----------------|---------------|
| Scrap Sales                  | 56,040          | 31,160        |
| Dividend                     | -               | 600           |
| Interest                     | 5,708           | 2,890         |
| Misc                         | 15614           | 0             |
| Excise Duty on Closing Stock | 536251          |               |
|                              | <b>6,13,613</b> | <b>34,650</b> |

# G. G. AUTOMOTIVE GEARS LIMITED

## 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.

i) 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 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**

##### 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, have been identified on the basis of disclosures made by the company. See **Annexure – A**

##### c) Lease Agreement as per Accounting Standard 19:

No lease Agreement is entered during the year.

d] Earning per share as per Accounting Standard 20:

|  | 2008-09 | 2007-08 |
|--|---------|---------|
| 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               | 5769242 | 2092198 |
| c. Diluted earning per share   | 0.73    | 0.26    |

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.

The Company has provided for Deferred Tax Liability of Rs9367168 /- as calculated below.  
Amount (Rs.)

|   |          |
|---|----------|
| W.D.V. as per Companies Act. As on 31.03.2009   | 44461922 |
| W.D.V. as per Income Tax Act. As on 31.03.2009  | 16903320 |
| Difference                                      | 27558602 |
| Deferred Tax Liability @ 33.99 % As on 31-03-09 | 9367168  |
| Less: Provision made in the last year 2007-08   | 7687405  |
| Additional Provision made this year             | 1679763  |

3. Contingent Liabilities not provided for (i) in respect of bank guarantee issued by Company's Bankers Rs 9.03 Lacs (previous year Rs. 8.45 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. Issued, Subscribed & Paid-up capital includes 95,000 equity shares of Rs. 10/- each are issued for consideration other than cash and 15,40,000 equity shares of Rs. 10/- are each allotted as fully paid up by way of bonus shares in the year 1993-94 by capitalisation of Rs. 66,00,000 out of General reserve and Rs. 88,00,000 out of revaluation reserve
6. 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.

The Company has decided in the board of meeting to pay perks Rs. 25000/- with effect from 01.04.2008 to Mr. Kennedy R. Gajra , Managing Director of the Company

| (B) Directors Remuneration: | 2008-09<br>(Amount in Rs.) | 2007-08<br>(Amount in Rs.) |
|-----------------------------|----------------------------|----------------------------|
| Salaries                    | 600000                     | 300806                     |
| Contribution to P.F.        | 72000                      | 36000                      |

7. 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 43281/- (Prev. Year 536251/-) on Finished Goods at Factory as on 31st March, 2009 has been included in the valuation of the said stocks. This has no impact on profit for the year.

8. Amount due to small industries Rs. Nil as on 31.03.2009 out of which amount outstanding for more than Rs. 1.00 lac and due for more than 30 days is Rs. Nil.

**ANNEXURE ( A ) REFERRED TO IN NOTE NO. 10 OF NOTES FARMING PART ACCOUNTS DISCLOSURE OF TRANSACTIONS WITH RELATED PARTIES AS REQUIRED BY ACCOUNTING STANDARD 18 :**

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

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

| Sr.No. | Particulars                                | Name of the party                              |
|--------|--|--|
| 1.     | Key Management Personnel .....             | Mr.R.S.Gajra<br>Mr.K.R.Gajra<br>Mr. P.S. Gajra |
| 2.     | Relatives of Key Management Personnel..... | Mrs.B.K.Gajra                                  |



**Annexure (B) referred to in Note No. 12 of Notes forming part of Accounts Segment Reporting as required by Accounting Standard 17 :**

(A)

| Sr.<br>No.                            | Particulars   | ( Business Segment )         |
|---------------------------------------|---|------------------------------|
|                                       |   | Year ended<br>31st Mar.,2009 |
| 1.                                    | Segment Revenue   |                              |
|                                       | a) Gear Box Housing & Railway Gears                       | 5786662                      |
|                                       | b) Others   | 45905026                     |
|                                       | <b>Net Sales / Income From operations</b>                 | <b>51691688</b>              |
|                                       | Segment Results   |                              |
|                                       | Profit/ (Loss)  |                              |
|                                       | (Before tax and interest from each segment)               |                              |
| a)                                    | Gear Box Housing & Railway Gears                          | +)                           |
| B)                                    | Others  |                              |
| <b>Total</b>                          |   | <b>(+)</b>                   |
| Less:                                 |   |                              |
| 1.                                    | Interest  | 3145742                      |
| 2.                                    | Other un-allocable expenditure net of un-allocable income | -/-                          |
| <b>Total profit/(Loss) before tax</b> |   | <b>6826473</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.

**G.G. AUTOMATIVE GEARS**  
**CASH FLOW STATEMENT**

| Particulars  | Year ended<br>31.03.2009 | Year ended<br>31.03.2008 |
|--|--------------------------|--------------------------|
| <b>A. Cash flow from operating activities</b>        |                          |                          |
| Net profit before tax & extraordinary items          | 64,54,504                | 26,11,506                |
| Adjustment for :                                     |                          |                          |
| Depreciation   | 18,73,663                | 21,30,067                |
| Deferred Revenue Exps. Write-offs                    | 5,00,000                 | 5,00,000                 |
| (Profit)/loss on sale of Investment                  | 0                        | 0                        |
| Interest paid  |                          |                          |
| Less : Interest and dividend received                | <u>31,40,040</u>         | <u>5,76,971</u>          |
| Operating profit before working capital changes      | 1,19,68,207              | 58,18,544                |
| Adjustment for :                                     |                          |                          |
| Trade and other receivables                          | 26,011                   | 54,32,155                |
| Inventories  | 6,94,695                 | 68,91,109                |
| Trade payables                                       | <u>(12,00,375)</u>       | <u>(30,87,130)</u>       |
| Cash generated from operations                       | 1,14,88,538              | 1,50,54,678              |
| Direct Tax paid                                      | <u>9,31,870</u>          | <u>6,90,705</u>          |
| Cash flow before extraordinary items                 | 1,05,56,668              | 1,43,63,973              |
| Extraordinary items                                  | 0                        | 0                        |
| Net cash from operating activities                   | <u>1,05,56,668</u>       | <u>1,43,63,973</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                             | (55,56,000)              | (82,00,190)              |
| Capital WIP, Cap. Adv. & Pre-op. Exps.               | 0                        | 0                        |
| Sale of Investment                                   | 0                        | 0                        |
| Interest received                                    | 5,708                    | 2,890                    |
| Dividend received                                    | 0                        | 600                      |
| Net cash from investment activities                  | <u>(55,50,292)</u>       | <u>(81,96,700)</u>       |
| <b>C. Cash flow from financing activities</b>        |                          |                          |
| Repayment of long-term borrowings                    | (1,93,84,583)            | (1,50,96,586)            |
| Proceeds from borrowings                             | 1,73,18,037              | 1,06,48,958              |
| Public Issue/Preiliminary Expenses                   | 0                        | 0                        |
| Interest paid  | (31,45,748)              | (5,80,461)               |
| Dividend paid  | 0                        | 0                        |
| Net cash from financing activities                   | <u>(52,12,294)</u>       | <u>(50,28,089)</u>       |
| Net increase in cash and cash equivalents            | <u>(2,05,918)</u>        | <u>11,39,184</u>         |
| Cash and cash equivalents at beginning of the period | <u>37,82,737</u>         | <u>26,43,553</u>         |
| Cash and cash equivalents at end of the period       | <u>35,76,819</u>         | <u>37,82,737</u>         |
|  | 0                        | 0                        |

For and on behalf of the Board of Directors

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 08, with the books and records maintained in the ordinary course of business and found the same to be in accordance therewith

**G. G. AUTOMOTIVE GEARS LIMITED**

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

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**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 35th Annual General Meeting of the Company on Saturday the 30<sup>th</sup> September, 2009 at 11.00 a.m. at the registered office of the Company situated at Bharti Bhawan 211/219, P.D. Mello Road, Mumbai - 400 001.

\_\_\_\_\_  
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.

**G. G. AUTOMOTIVE GEARS LIMITED**

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

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**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 36<sup>th</sup> Annual General Meeting of the Company to be held at registered office of the Company situated at Bharti Bhawan 211/219, P D Mello Road, Mumbai - 400 001 at 11.00 a.m., and at any adjournment thereof.

Signed this..... day of ....., 2010.

Reg. Folio No.....

No. of Shares .....

Signature .....

REVENUE  
STAMP

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**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.

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