



48<sup>th</sup>

# Annual Report 2021-2022



**G.G. AUTOMOTIVE GEARS LTD.**

G.G. Automotive Gears Ltd. is a leading manufacturer of traction gears and pinions, based out of Dewas, Madhya Pradesh in India. GGAG has been a market leader in Locomotive gears for the last 40 years. Established in 1974, the company undertakes to manufacture of traction gears as a strategic shift from its traditional business of automotive gears.

Within a few years into the start of its traction gear business, the company assumed market leadership because of its unmatched cost, quality and delivery standards. G.G. Automotive Gears Ltd. is a self-sufficient organization capable of developing and manufacturing locomotive and industrial application gears & pinions, gearboxes and forged automotive components



## Mission

To become a world renowned manufacturer of gears and forged components

## Vision

GG Automotive Gears Ltd. aims to: Attain maximum customer satisfaction by ensuring timely supply of quality products. Minimize employee turnover ratio, to retain its valuable knowledge base grow exponentially with commitment towards continual improvement, while focusing on safeguarding the environment preservation of natural resources and adhering to legal compliances

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

CIN: L29130MP1974PLC035049

Tel: 91 (7272) 405310/404802 | Fax: 91 (7272) 404802

Web: [www.ggautomotive.com](http://www.ggautomotive.com) | Email: [ggmarketing@ggautomotive.com](mailto:ggmarketing@ggautomotive.com)

**G. G. Automotive Gears Limited**

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

NAME	DESIGNATION	DIN/PAN
Mr. Kennedy Ram Gajra	Chairman and Managing Director	02092206
Mr. Anmol Gajra	Whole Time Director	07835836
Mr. Shailendra Ajmera	Non-Executive Independent Director	02138042
Mr. Pravin Kumar Shishodiya	Non-Executive Independent Director	03011429
Ms. Ruchi Sogani	Non-Executive Independent Director	02805170
Mr. Narayan Shrivastava	Chief Financial Officer (CFO)	BPVPS3147F
Ms. Lata Narang	Company Secretary	FLIPS3155N

### BANKERS

UNION BANK OF INDIA

### SHARE TRANSFER AGENT

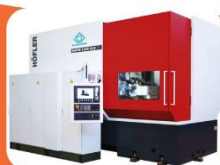
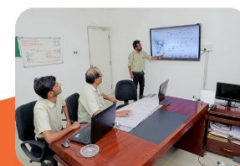
PURVA SHAREGISTRY (INDIA) PVT. LTD.  
9, SHIVSHAKTI INDUSTRIAL ESTATE, SITARAM  
MILLS COMPOUND, J. R. BORICHA MARG,  
LOWER PAREL (EAST), MUMBAI – 400 011.  
CONTACT NO. 23018261  
EMAIL: support@purvashare.com

### AUDITORS

M/S MUKESH AND ASSOCIATES  
CHARTERED ACCOUNTANTS, MUMBAI

### SECRETARIAL AUDITORS

HSPN & ASSOCIATES LLP,  
COMPANY SECRETARIES, MUMBAI  
MUMBAI



G. G. Automotive Gears Limited

## Chairman's Message



**MR. KENNEDY RAM GAJRA**  
**CHAIRMAN**

Dear Shareholders,

We are happy to share with you our Annual Report for FY 2021-22. GGAG delivered a good performance during the year as we made steady progress in reducing lead times to our customers, while increasing total output and maintaining the highest standards of quality.

### PERFORMANCE REVIEW

Your Company has reported total income of Rs. 47,71,04,610/- (Rupees Forty Seven Crore Seventy One Lacs Four thousand six hundred ten only). Your company has seen a 63 % YOY growth in annual revenues.

### FUTURE OUTLOOK

In light of the Covid-19 pandemic, and the economic repercussions that we face globally, there will be initial disturbances in supply chain management, and aggregate demand reaching normal levels. GGAG is confident of achieving similar growth levels in the coming financial year. Our strong brand value and market presence in the Indian Railways, along with lucrative opportunities opening up in the global railway market should help us achieve these targets.

Additionally, GGAG's foray into diversified markets such as earth moving equipment, mining, steel and industrial applications should help us insulate from negative business cycle effects as a result of the pandemic. GGAG shall continue to invest in better technology so as to remain true to our goal of reducing costs per components and improving customer satisfaction.

Our aim is to maintain our dominant presence in the Indian Railways and explore newer markets globally – with key areas being East Asia & the America. There have been numerous projects undertaken under the R&D wing of the company that should reach fruition in the near future and complement our pursuit of growth. We would like to strengthen our position in diversified business vertical built over the last year.

### KEY INITIATIVES

GGAG undertook several initiatives during the financial year that helped reduce our costs per component and better our lead times, whilst focusing strongly on quality control by keeping rejection rates at the bare minimum, all of which has led to improving overall customer satisfaction. In terms of our improving our facilities, we have retrofitted and refurbished existing machines, and have invested in newer machines that improve the capacity and capabilities of the production unit. With better industrial engineering in place, standard operating procedures have been set to improve upon cycle times. The company has also worked hard via its engineering and procurement departments to reduce the costs of consumables, and emphasized the importance of better systems in place. The company has upgraded its Enterprise Resource Planning (ERP) software, keeping in line with this goal.

In terms of the marketing front, we have participated in online and offline expos and exhibitions, increasing our customer reach and increasing RFQs, eventually generating promising leads. GGAG has also bagged the 'Most Promising SME' award at the Rail Analysis' Rail & Metro Awards held in New Delhi in 2020.

Lastly, we are looking to make our organization leaner and more effective, and have utilized team building tools to make the organization more effective and result-oriented. We encourage de-centralization of decision making and democratize information flow. It is our endeavor to reach standards set by the Industry 4.0 in the coming years, and we are working towards the same.

#### ACKNOWLEDGEMENTS

I would like to thank each and every stakeholder in the organization, most importantly the company's staff, executives and workforce for their dedicated service. I would also like to thank all my colleagues on the Board for their valuable advice and constant encouragement. My thanks are also due to the bank for its help in the sustained progress of the Company.

Sd/-

**KENNEDY RAM GAJRA**  
**CHAIRMAN & MANAGING DIRECTOR**

## INDEX

Contents	Page No.
Notice	07
Directors' Report	21
Secretarial Audit Report	32
Management Discussion and Analysis Report	41
CEO/CFO Certification	44
Declaration on code of conduct	45
Auditors' Report	46
Balance Sheet	57
Statement of Profit & Loss	58
Cash Flow Statement	59
Statement of change in equity	60
Notes to Accounts	61

## 48<sup>th</sup> ANNUAL GENERAL MEETING

Date: 25<sup>th</sup> August, 2022

Day: Thursday

Time: 11:30 A.M.





## NOTICE

NOTICE IS HEREBY GIVEN THAT THE 48<sup>th</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF G. G. AUTOMOTIVE GEARS LIMITED WILL BE HELD ON THURSDAY, 25<sup>TH</sup> AUGUST, 2022 AT 11.30 A.M. THROUGH VIDEO CONFERENCING/ OTHER AUDIO-VISUAL MEANS (“VC/OAVM”) FACILITY TO TRANSACT FOLLOWING BUSINESS:

### ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Anmol Ram Gajra (DIN:07835836), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

3. Authority to the Board of Directors under Section 180 (1) (c) of the Companies Act, 2013 for borrowings upto the revised limit of Rs. 75 crores.

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 180 (1) (c) of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the Memorandum and Articles of Association of the Company and in supersession of earlier resolutions passed by the members of the Company in this regard, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any Committee constituted by the Board or any person(s) authorized by the Board) for borrowing from time to time, by way of loans, credit facilities, debt instruments or in any other forms, any such sum or sums of money (either Indian or foreign currency) from Banks, Financial Institutions, Bodies Corporate, Companies, firms or any one or more persons on such terms and conditions and with or without security as the Board may think fit, notwithstanding that monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital, free reserves and securities premium of the Company, provided that the total amount so borrowed (other than temporary loans from the Company’s bankers in the ordinary course of business) and outstanding at any point of time shall not exceed a sum of Rs. 75 Crores (Rupees Seventy Five Crores Only);

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to execute such documents and to perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this Resolution.”

4. Authority to the Board of Directors under Section 180 (1) (a) of the Companies Act, 2013 for creation of charge upto the revised limit of Rs. 75 crores.

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 180 (1) (a) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder

(including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the Memorandum and Articles of Association of the Company and in supersession of earlier resolutions passed by the members of the Company in this regard, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include any Committee constituted by the Board or any person(s) authorized by the Board) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, for the purpose of due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company in respect of such borrowings and in such form, manner and with such ranking and on such terms & conditions, as the Board may deem fit, in favour of the Lenders / Security Trustee, provided that the aggregate indebtedness secured by the assets/properties of the Company shall not at any time exceed the aggregate limit of Rs. 75 Crores (Rupees Seventy Five Crores Only);

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things, execute such documents as may be considered necessary, desirable or expedient for giving effect to this Resolution.”

By order of the Board of Directors of  
**G. G. AUTOMOTIVE GEARS LIMITED**

Sd/-  
LATA NARANG  
COMPANY SECRETARY  
& COMPLIANCE OFFICER  
MEM NO. A66669

Place : Dewas, Madhya Pradesh.

Date : 23<sup>rd</sup> July, 2022

**NOTICE (CONT.) IMPORTANT NOTES:**

1. In view of the continuing COVID-19 pandemic and pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021 and 02/2022 dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020, 5<sup>th</sup> May, 2020, 13<sup>th</sup> January, 2021, 8<sup>th</sup> December, 2021, 14<sup>th</sup> December, 2021 and 5<sup>th</sup> May, 2022, respectively issued by the, Ministry of Corporate Affairs (‘MCA’) (collectively referred to as “MCA Circulars”) and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79, SEBI/HO/CFD/CMD2/CIR/P/2021/11 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 12<sup>th</sup> May, 2020, 15<sup>th</sup> January, 2021 and 13<sup>th</sup> May, 2022, respectively issued by the Securities and Exchange Board of India (collectively referred to as “SEBI Circulars”), the holding of the Annual General Meeting through VC/OAVM, without the physical presence of the Members has been permitted. In compliance with the provisions of the Companies Act, 2013 (‘the Act’), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (‘the Listing Regulations’), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC/OAVM which does not require the physical presence of the Members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM.
2. Details of the Director seeking re-appointment under Item No. 2 of this Notice is provided at page no. 17 of this Notice.
3. As this AGM is being held through VC/OAVM and physical attendance of the Members has been dispensed with in line with the MCA Circulars and the SEBI Circulars, the facility for



appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. In accordance with the aforesaid MCA Circulars, the Company has made necessary arrangements for the Members to register their e-mail addresses for receiving the Notice. Members who have not registered their e-mail addresses are requested to register the same as per the process mentioned in the Notes.
5. In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force) and various MCA Circulars, the Company is pleased to provide its Members with the e-voting facility to exercise their right to vote on the proposed resolutions electronically. For this purpose, the Company has appointed Mr. Prakash Naringrekar, Company Secretary, having Membership No. ACS-5941 & Certificate of Practice No. 18955, Designated Partner of M/s HSPN & Associates LLP, Practicing Company Secretaries, as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
6. The Company has engaged Central Depository Services (India) Limited ("CSDL") as the agency to provide the e-voting facility and the instructions for e-voting are provided as part of this Notice.
7. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the Cut-Off Date i.e., Thursday 18<sup>th</sup> August, 2022.
8. Corporate Members intending to authorise their representatives to attend the AGM pursuant to Section 113 of the Act, are requested to send to the Company, a certified copy of the relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.
9. The Members of the Company can join the AGM through VC/OAVM 15 minutes before and after the scheduled time of the commencement of the AGM. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 Members of the Company on first come first served basis. This will not include large Members (Members holding 2% or more shares of the Company), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of various Committees of the Company, Auditors etc. who are allowed to attend the AGM without any restriction.
10. The attendance of the Members at the AGM through VC/OAVM will be counted for the purpose of determining the quorum under Section 103 of the Act.
11. The Register of Members and the Share Transfer Books of the Company will be closed from Friday 19<sup>th</sup> August, 2022 to Thursday 25<sup>th</sup> August, 2022 (both days inclusive).
12. Members are requested to submit their queries/requests for clarification, if any, on the Annual Report via e-mail at [compliance@ggautomotive.com](mailto:compliance@ggautomotive.com) latest by Friday, 19<sup>th</sup> August, 2022, to enable the Company to furnish the replies at the AGM.
13. Members are requested to notify any change in their address or bank mandate to: (a) their respective Depository Participants in case of shares held in electronic form; or (b) the Company's Registrar & Share Transfer Agent, Purva Sharegistry (India) Private Limited at Shiv Shakti Industrial Estates, Unit No. 9, 7-B J. R. Boricha Marg, Sitaram Mills Compound, Mumbai 400011. Tel: 23016761 Email: [support@purvashare.com](mailto:support@purvashare.com), in case of shares held in physical form.

14. The Company's Equity Shares are listed on BSE Limited, P.J. Towers, Dalal Street, Mumbai – 400 001. The Company has paid the annual listing fees for the financial year 2022-2023.
15. In terms of Section 72 of the Companies Act, 2013 and Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, every holder of securities of the Company may, at any time, nominate, in the prescribed manner, a person to whom his/her securities of the Company shall vest in the event of his/her death. Members, who wish to avail of this facility, may fill in the prescribed Form No. SH-13 and forward the same to Purva Shareregistry (India) Private Limited.
16. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant ('DP') and holdings should be verified from time to time.
17. Members who desire to take part in the Green Initiative of the Company, are requested to register their e-mail addresses with their Depository Participant(s) in case they hold shares in demat form and with the Company/ their RTA for the shares held in physical form by submitting the Investor Service Request Form - Form ISR1, ISR2 and Nomination form duly filed and signed, as per the specimen signatures registered against the folio, along with the supporting documents stated thereon. On registration, all the communications will be sent to the e-mail address of the Member registered with the Company.
18. An electronic copy of the Annual Report 2021-2022 along with the Notice are being sent to all those Members whose e-mail addresses are registered with the Company/Depository Participant(s) and physical copy of the same is not being provided in line with the aforementioned circulars issued by the MCA and SEBI. Members may also note that the Notice of the 48<sup>th</sup> AGM and the Annual Report are available on the Company's website [www.ggautomotive.com](http://www.ggautomotive.com). The aforesaid documents can also be accessed from the website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of CDSL (agency for providing the e-voting facility) i.e. [www.evotingindia.com](http://www.evotingindia.com).
19. The documents referred to in the Notice of the AGM are available for inspection electronically without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an e-mail to [compliance@ggautomotive.com](mailto:compliance@ggautomotive.com).
20. As per Regulation 40 of the Listing Regulations, securities of the listed companies can only be transferred in demat form with effect from 1<sup>st</sup> April 2019, except in case of request for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holding to demat form. Members can contact the Company or Purva Shareregistry (India) Private Limited (RTA) for assistance in this regard.
21. Members may please note that SEBI has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also made it mandatory for submission of PAN in the following cases: (i) Deletion of name of the deceased Member(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.

Further, the Members are requested to kindly note that as per SEBI circular bearing no SEBI/HO/MIRSSD\_RTAMB/PCIR/2021/655 dated 3<sup>rd</sup> November, 2021, it is mandatory for Members holding shares in physical form to register their PAN, KYC details, Bank particulars and Nomination against their folio no. PAN is also required to be linked to Aadhar No. by the Members to be considered as valid PAN.

Members holding shares in physical form are requested to provide Form ISR1, ISR2 and Nomination Form duly filled and signed along with the hard copy of the following self-attested documents to Purva Sharegistry (India) Private Limited for registration against their respective folio(s):

- Identity Proof : Copy of PAN card/ Aadhar Card
- Address Proof : Copy of Aadhar Card/ Passport/ client Master List/ Utility Bill not over 3 months old
- Bank Details : Copy of the cancelled cheque stating the name of the Member as account holder
- Contact Details : Mobile no., e-mail id
- Nomination : Please provide Form SH13 duly filled and signed.
- In the absence of any of the above information registered against your folio no., your folio no. will be frozen for any updation/ dividend payment in accordance with the aforesaid Circular.
- Form ISR1, ISR2 and Nomination forms are available on the website of Company [www.ggautomotive.com](http://www.ggautomotive.com) and on the website of our Registrar and Transfer Agent at <https://www.purvashare.com>.

22. In order to increase the efficiency of the e-voting process, SEBI vide its circular SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9th December, 2020, had enabled e-voting to all the demat account holders by way of a single login credential through their demat accounts/ websites of Depositories / Depository Participants. Demat account holders would be able to cast their vote without having to register again with the e-voting service providers (ESPs), thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

23. Members holding shares under multiple folios are requested to submit their applications to Purva Sharegistry (India) Private Limited for consolidation of folios into a single folio.

24. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.

#### **THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

- i) The voting period begins on Monday 22<sup>nd</sup> August, 2022 at 9.00 a.m. and ends on Wednesday, 24<sup>th</sup> August, 2022 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., Thursday, 18<sup>th</sup> August, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

- iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9<sup>th</sup> December, 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9<sup>th</sup> December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Login Method	Type of Shareholder
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/ Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME/PURVA, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> </ol>

	<p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e- Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e- Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers</p>
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS” “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e- Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e- Voting period or joining virtual meeting &amp; voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

v) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website <https://evotingindia.com>.
- 2) Click on “Shareholder/Member” module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) or [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and voted on an earlier e- voting of any company, then your existing password is to be used.
- 5) If you are a first-time user follow the steps given below:

LOGIN TYPE	FOR PHYSICAL SHAREHOLDERS AND OTHER THAN INDIVIDUAL SHAREHOLDERS HOLDING SHARES IN DEMAT.
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

vi) After entering these details appropriately, click on “SUBMIT” tab.



- vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii) For shareholders holding shares in physical form, the details can be used only for e- voting on the resolutions contained in this Notice.
- ix) Click on the EVENT NO. for the relevant <Company Name> on which you choose to vote.
- x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvi) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
- Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively, Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutinizer and to the Company at the email address viz; [compliance@ggautomotive.com](mailto:compliance@ggautomotive.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

#### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is the same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend the meeting will be available where the EVENT NO. of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops/ IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 15 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [compliance@ggautomotive.com](mailto:compliance@ggautomotive.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 15 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [compliance@ggautomotive.com](mailto:compliance@ggautomotive.com). These queries will be replied to by the Company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

## PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self- attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.
4. If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 022-23058542/43. All grievances connected with the facility for voting by electronic means may be addressed to Mr Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.
5. Mr. Prakash Naringrekar, Company Secretary (ACS No 5941 and COP No. 18955) and Designated Partner of M/s. HSPN & Associates LLP, Company Secretaries Mumbai, has been appointed as the Scrutinizer to scrutinize the remote e-voting process and casting vote through the e-voting system during the AGM in a fair and transparent manner.
6. The Scrutinizer shall immediately after the conclusion of e-voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than two working days of conclusion of the AGM, issue a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall counter sign the same.

**Information of Director seeking re-appointment at the ensuing Meeting, as required under Regulation 36(3) of the Listing Regulations and SS-2 issued by the Institute of Company Secretaries of India, is as follows:**

Name of Director	<b>Anmol Gajra</b>
Director Identification Number (DIN)	07835836
Date of birth	15/01/1995
Age	27 years
Nationality	Indian
Qualifications	B.A.(Hons.) Business Economics – Lancaster University, UK and MSC Management –Cass Business School, London, UK
Date of first Appointment on the Board	01/06/2017
Tenure with the Company	6 years
Nature of his expertise in specific functional areas;	Experience in Manufacturing of Railway Gears.

Relationships between Directors inter-se	He is the son of Managing Director and CEO of the Company Mr. Kennedy Ram Gajra
List of the directorships held in other listed companies	NIL
Number of board Meetings attended during the year	5
Chairman/ Member in the Committees of the Boards of companies in which he is Director	Nil
Number of Shares held in the Company as on March 31, 2022	NIL

By order of the Board of Directors of  
**G. G. AUTOMOTIVE GEARS LIMITED**

Sd/-  
LATA NARANG  
COMPANY SECRETARY  
& COMPLIANCE OFFICER  
MEM NO. A66669

Place : Dewas, Madhya Pradesh.  
Date : 23<sup>rd</sup> July, 2022

## **ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT**

**(Pursuant to Section 102 of the Companies Act, 2013)**

### **Item No. 3 and 4**

Authority to the Board of Directors under Section 180 (1) (c) of the Companies Act, 2013 for borrowings upto the revised limit of Rs. 75 crores and Authority to the Board of Directors under Section 180 (1) (a) of the Companies Act, 2013 for creation of charge upto the revised limit of Rs. 75 crores

At the Annual General Meeting (“AGM”) of the Company held on 28<sup>th</sup> August, 2014, the members of the Company had accorded their consent to the Board of Directors of the Company (“Board”) for borrowing monies (apart from the temporary loans obtained from the Company’s bankers in the ordinary course of business) upto Rs. 50 Crores under Section 180(1)(c) of the Companies Act, 2013. The members of the Company at the said AGM had also accorded their consent to the Board to create charge on properties or assets of the Company to secure borrowings upto Rs. 50 crores under Section 180(1)(a) of the Companies Act, 2013.

In view of the increase in business activities, keeping in view the future plans of the Company and to fulfill long term strategic and business objectives, it is proposed to increase in the borrowing limit from Rs. 50 Crores (Rupees Fifty Cores) to Rs. 75 Crores ( RupeesSeventy Five Crores) pursuant to Section 180 (1)(c) of the Companies Act, 2013 and accordingly, increase the limit for creation of charge to secure the indebtedness upto the aggregate limit of Rs. 75 Crores ( RupeesSeventy Five Crores) pursuant to Section 180 (1)(a) of the Companies Act, 2013, subject to the approval of the members of the Company.

Pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors have the powers to borrow money, where the money to be borrowed, together the monies already borrowed by the company (apart from temporary loans obtained from the company’s bankers in the ordinary course of business) exceeds aggregate of the paid-up share capital, free reserves and securities premium of the Company, with the consent of the Shareholders of the Company by way of Special Resolution.

Further, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors have the powers to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company with the consent of the Shareholders of the Company by way of a Special Resolution.

In order to secure the borrowings, the Company may be required to create security by way of mortgage/ charge/ hypothecation on its assets and properties both present and future. The terms of such security may include a right in certain events of default, to take over control of the said assets and properties of the Company. Since creation of charge on properties and assets of the Company with the right of taking over the control in certain events of default may be considered to be a sale/ lease/ disposal of the Company’s undertaking within the meaning of Section 180(1)(a) of the Companies Act, 2013, it is proposed to seek approval of the shareholders of the Company for increasing the existing limits to Rs. 75 Crores.

Accordingly, the approval of the members of the Company is sought for increase in the borrowing limits and to secure such borrowings by the creation of charge on assets/properties of the Company upto Rs. 75 Crores (Rupees Seventy Five Crores) as stated in the resolutions.

The Board of Directors therefore recommends the resolutions as set out in Item Nos. 3 and 4 of the Notice for approval of members of the Company by way of Special Resolutions.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolutions.

By order of the Board of Directors of  
**G. G. AUTOMOTIVE GEARS LIMITED**

Sd/-  
LATA NARANG  
COMPANY SECRETARY  
& COMPLIANCE OFFICER  
MEM NO. A66669

Place : Dewas, Madhya Pradesh.  
Date : 23<sup>rd</sup> July, 2022



## DIRECTORS' REPORT

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

Your Directors have great pleasure in presenting 48<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, 2022.

### 1. FINANCIAL RESULTS:

Particulars	(Rs. in INR)	
	Year ended	
	31.03.2022	31.03.2021
Earnings before Interest, Depreciation and Tax	5,98,83,926	2,21,63,080
Less: Finance Cost	2,34,04,750	2,04,77,176
Less: Depreciation	3,23,07,226	3,08,25,800
<b>Profit before tax</b>	<b>41,71,949</b>	<b>(2,91,39,896)</b>
Less: Current Tax	6,50,828	-
Earlier year Tax		(90,959)
Deferred Tax	(636706)	(44,81,300)
<b>Profit after tax for the year</b>	<b>41,57,828</b>	<b>(2,45,67,638)</b>

### 2. FINANCIAL OPERATIONS & STATE OF AFFAIRS OF THE COMPANY:

During the year, your Company has reported a total turnover of 47,50,84,205 /- (Rupees Forty Seven Crore, Fifty Lacs, Eighty Four Thousand and Two Hundred Five only). The total expenditure incurred by the Company during the year under review amounted to Rs. 47,29,32,661/- (Rupees Forty Seven Crore Twenty Nine Lacs Thirty Two Thousand Six Hundred and Sixty One Only). Profit amounted to Rs. 41,57,828/- (Rupees Forty One lacs Fifty Seven Thousand Eight Hundred and Eighty Eight Only).

Your Directors constantly putting their efforts to develop new products for domestic and export, to improve revenue and profit of your company.

### 3. CHANGE IN THE NATURE OF THE BUSINESS

The company is engaged in the business of Manufacturing of Railway Gears & Pinions, Industrial Gear, and Industrial Gear Boxes etc. There has been no change in the business of the company during the financial year ended 31<sup>st</sup> March, 2022.

### 4. FUTURE PROSPECTS OF THE COMPANY

To maintain our dominant presence in the Indian Railways and explore newer markets globally – with key areas being East Asia & the America. There have been numerous projects undertaken under the R&D wing of the company that should reach fruition in the near future and complement our pursuit of growth.

### 5. TRANSFER TO RESERVES:

There are no transfers to any specific reserves during the year.

## 6. MATERIAL CHANGES AND COMMITMENTS IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

The Company has received final trading approval and the suspension in trading of Equity Shares has been revoked w.e.f 22<sup>nd</sup> November, 2021 and Company has paid Revocation Fees amounting to Rs. 35,40,000/- (Rupees Thirty Five Lakhs and Forty Thousand Only) (Inclusive of GST).

## 7. DIVIDEND:

In order to conserve the resources your company has not recommended any dividend for the year under review

## 8. CASH FLOW STATEMENTS:

As required under Regulation 34 of the Listing Regulations, a Cash Flow Statement is part of the Annual Report.

## 9. CONSOLIDATED FINANCIAL STATEMENT:

The Company does not have any subsidiaries as on 31<sup>st</sup> March, 2022 and hence not required to publish Consolidated Financial Statements.

## 10. PUBLIC DEPOSITS:

During the year under review, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

## 11. NUMBER OF BOARD MEETINGS AND ITS COMMITTEES:

During the year under review, 5 (Five) Board Meeting were held as under:

1	28.06.2021
2	14.08.2021
3	21.10.2021
4	17.01.2022
5	02.02.2022

## 12. COMMITTEES OF THE BOARD

The Company's Board has the following committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee

### 13. DISCLOSURE OF COMPOSITION OF COMMITTEES

**a. Audit Committee comprises of following members:**

Sr. no.	Director	Designation
1.	Pravin Kumar Shishodiya	Chairperson, Non Executive Independent Director
2.	Kennedy Ram Gajra	Member, Managing Director & CEO
3.	Shailendra Ajmera	Member, Non Executive Independent Director
4.	Ruchi Sogani	Member, Non Executive Independent Director

The Company has established a vigil mechanism policy to oversee, the genuine concerns expressed by the employees and other Directors.

**b. Nomination and Remuneration Committee comprises of following members:**

Sr. no.	Director	Designation
1.	Pravin Kumar Shishodiya	Chairperson, Non Executive Independent Director
2.	Ruchi Sogani	Member, Non Executive Independent Director
3.	Shailendra Ajmera	Member, Non Executive Independent Director

**c. Stakeholders Relationship Committee comprises of following members:**

Sr. no.	Director	Designation
1.	Pravin Kumar Shishodiya	Chairperson, Non Executive Independent Director
2.	Kennedy Ram Gajra	Member, Managing Director & CEO
3.	Shailendra Ajmera	Member, Non Executive Independent Director

### 14. MEETING OF COMMITTEES OF BOARD

During the year there were in total 4 Audit Committee Meetings, 2 Nomination & Remuneration Committee and 4 Stakeholders Relationship Committee were held.

Further one meeting of the Independent Directors was held on 2<sup>nd</sup> February, 2022.

**Audit Committee**

S. No	Date
1	28.06.2021
2	14.08.2021
3	21.10.2021
4	17.01.2022

**Nomination and Remuneration committee**

S. No	Date
1	28.06.2021
2	02.02.2022

## Stakeholder Relationship Committee

S. No.	Date
1	28.06.2021
2	14.08.2021
3	21.10.2021
4	17.01.2022

### 15. INDUSTRIAL RELATIONS:

Your Company has always considered its workforce as its valuable asset and continues to invest in their excellence and development programs. Your Company has taken several initiatives for enhancing employee engagement and satisfaction.

### 16. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Shri Kennedy Ram Gajra, Managing Director & CEO, Mr. Anmol Gajra, Whole time Director, Shri Narayan Shrivastava, CFO and Ms. Lata Narang as a Company Secretary of the Company are the Key Managerial Personnel of your Company in accordance with the provisions of Sections 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).

Mr. Kennedy Ram Gajra (DIN 02092206) has been reappointed as Managing Director of the company for a period of three years commencing from 1<sup>st</sup> July 2021, to 30<sup>th</sup> June, 2024.

Ms. Divya Desai (ACS No. 61179) has resigned from the office of Company Secretary and Compliance officer w.e.f the closing hours of 3<sup>rd</sup> January, 2022.

Ms. Lata Narang (ACS No. 66669) has been appointed as Company Secretary and Compliance Officer of the Company by Board of Directors of the Company on recommendation of Nomination and Remuneration Committee w.e.f. 2<sup>nd</sup> February, 2022 as per the provisions of Section 203 of the Companies Act, 2013 read with relevant Rules. Ms. Lata Narang shall be the Whole Time Key Managerial Personnel from effective date herein above mentioned.

Mr. Anmol Gajra, Whole Time Director (DIN: 07835836) retires at this Annual General Meeting and being eligible has offered himself for re-appointment. The resolution at item no. 2 is of the Notice of 48<sup>th</sup> Annual General Meeting of the Company is recommended by the Board in this regard for the approval of shareholders.

### Disclosure Relating to Remuneration of Directors, Key Managerial Personnel and particulars of Employees:

The remuneration paid to the Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force).

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/employees of your Company is set out in **Annexure IV** to this report.

## **17. LISTING OF SHARES:**

The Equity Shares of the Company are listed on BSE Limited, Mumbai. The Company has paid the Listing Fees for the Financial Year 2022-23.

The Company has received final trading approval and the suspension in trading of Equity Shares has been revoked w.e.f 22<sup>nd</sup> November, 2021.

## **18. ANNUAL RETURN:**

The Annual Return pursuant to the provisions of Section 92(3) read with Rule 12 of the Companies (Management and administration) Rules, 2014 is uploaded on the website of the Company under the following link <https://ggautomotive.com/financial-reporting/AnnualReturn>

## **19. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors hereby confirms:

- i) That in the preparation of the annual accounts, the applicable accounting standard has 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 or Loss 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.
- v) That the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating.

## **20. ATTRIBUTES, QUALIFICATIONS & INDEPENDENCE OF DIRECTORS, THEIR APPOINTMENT AND REMUNERATION**

The Nomination & Remuneration Committee of Directors have approved a Policy for Selection, Appointment and Remuneration of Directors which inter-alia requires that composition and remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and senior management employees and the Directors appointed shall be of high integrity with relevant expertise and experience so as to have diverse Board and the Policy also lays down the positive attributes/criteria while recommending the candidature for the appointment as Director.

## **21. DECLARATION OF INDEPENDENT DIRECTORS:**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(7) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

## **22. POLICY ON DIRECTORS APPOINTMENT, REMUNERATION & BOARD PERFORMANCE:**

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Chairman, who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company. In the opinion of the Board, Independent Directors are of high integrity with relevant expertise and experience.

## **23. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

1. The meetings of the Board of Directors of the Company during each financial year are organized at different manufacturing plants of the Company and every time, a visit of the respective plant is organized for the Directors, including Independent Directors along with a direct interaction with the heads of production processes to provide a brief idea to the Directors of the production processes and operations of the Company.
2. An elaborated note on business operations with regard to the operations and financial position of the Company as at the end of each quarter is circulated to the Board members with the Agenda of each Board Meeting and also presented at the meeting in the form of a power point presentation. The same is duly deliberated upon at the Meeting in presence of the Key Managerial Personnel who answer the queries of the Directors, if any arising out of such reports to the satisfaction of the Directors.
3. The Company strives towards updating the Directors of any amendments in laws, rules and regulations as applicable on the Company through various presentations at the Board Meeting(s) in consultation with the Statutory Auditors, Internal Auditors and the Secretarial Auditors of the Company likewise the Companies Act, SEBI Laws, Listing Agreement and such other laws and regulations as maybe applicable.
4. The Company has framed Code of Conduct and Ethics and Code of Conduct for prevention of Insider Trading respectively which all the Directors need to comply with. The said code(s) of conduct are placed before the Board for review after a period of every 2 (Two) years so as to familiarize the Directors with the codes and ensure that the said code(s) are in conformity with the latest laws, rules and regulations.

Disclosure: This familiarization process is uploaded on the official website of the Company i.e <https://ggautomotive.com/policies/>



#### Review:

The familiarization process shall be reviewed at regular intervals to analyse if there is a need to same as may be deemed necessary to keep the Directors of the Company informed of the operations of the Company vis-à-vis the latest developments vis-à-vis the laws and regulations as applicable on the Company for the time being in force

#### 24. ANNUAL EVALUATION BY THE BOARD

In compliance with the Companies Act, 2013, and Regulation 17 of the Listing Regulations, the performance evaluation of the Board and its Committees were carried out during the year under review.

#### 25. STATUTORY AUDITORS:

**M/s. Mukesh & Associates**, Chartered Accountants (FRN: 106599W) appointed as Statutory Auditors of the Company in the 45<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> August, 2019 hold office till the conclusion of the 50<sup>th</sup> Annual General Meeting.

Further, the Statutory Auditors Report does not contain any qualifications, reservations and adverse remarks and the same is self-explanatory.

#### 26. SECRETARIAL AUDITORS

The Company has appointed M/s. HSPN & Associates LLP (formerly known as HS Associates), Practicing Company Secretaries, Mumbai as Secretarial Auditors of the Company to carry out the Secretarial Audit for the Financial Year 2022-23 and to issue Secretarial Audit Report as per the prescribed format under rules in terms of Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### 27. SECRETARIAL AUDIT REPORT:

The Board of Directors of the Company had appointed M/s. HSPN & Associates LLP (formerly known as HS Associates), Practicing Company Secretaries, Mumbai, to conduct the Secretarial Audit for the financial year 2021-22 and their Report on Company's Secretarial Audit is appended to this Report as **Annexure I**.

Further the explanation and comments on the observations of Secretarial Auditors is as under :

1. Pursuant to Regulation 31(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 100% of the Promoters Shareholding is not in Demat Mode and, 11,47,398 (Eleven Lakhs Forty Seven Thousand Three Hundred and Ninety Eight) Equity Shares of Rs. 10 each constituting 47.19% held by Promotes are yet to be dematerialized.

Directors Comments: The same is under process.

2. Company has not maintained structural database as per SEBI Circular SEBI/HO/CFD/DCR1/CIR/P/2018/8.

Directors Comments: The same is under implementation.

3. There was a delay in submission of Annual Report for the Financial Year 2020-21 to the Stock Exchange i.e., BSE Limited pursuant to the provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Directors Comments: During the period of suspension from trading the Company was not able to make intimations and announcements to BSE through BSE Listing Center as the Corporate Announcement tab under the listing center viz <https://litsing.bseindia.com> has been disabled and all the communications were mailed to BSE. Further the compliance and xbrl module tab was working on the listing center. One tab working and one not created a confusion while making disclosures. Further many at times corporate announcements did not reflect in the corporate announcement page which created further dilemma as to whether the disclosure is taken on record or not. The Company had made representation with BSE to resolve this technical issue. However, owing to this technical difficulty there was an inadvertent administrative delay in submission of Annual Report to BSE Limited.

## **28. COST AUDITORS**

The provision of Cost Audit as per section 148 of Companies Act, 2013 and rule there under is not applicable to the company.

## **29. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There are no Loans, Guarantees or Investment made by the Company under Section 186 of the Companies Act, 2013.

## **30. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

The particulars of contracts or arrangements with related parties referred to in Section 188(1), as prescribed in Form AOC – 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013, is appended as- **Annexure III**.

All Related Party Transactions are presented to the Audit Committee and the Board. A statement of all related party transactions is presented before the Audit Committee specifying the nature, value and terms and conditions of the transactions.

## **31. CONSERVATION OF ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:**

Information on conservation of energy, technology absorption, foreign exchange earnings and out go, is required to be given pursuant to provision of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 is annexed hereto marked **Annexure II** and forms part of this report.

## **32. CREDIT RATING**

The company has been rated by Infomeries Valuation and Rating Pvt. Ltd, accredited by Securities and Exchange Board of India (SEBI) and Reserve bank of India (RBI) for bank facility and SME. The company has been awarded with 'TVR BBB' for bank facility and SME Rating- 'TVR SME 2'. During the year under review there is no revision in the credit rating of the Company.

## **33. REPORTING OF FRAUD BY AUDITORS**

During the year under review, the Internal Auditors, Audit committee and Secretarial Auditor have not come across any instance of fraud committed in the Company by its Officers or Employees under section 143(12) of the Act.

#### **34. DETAILS OF NON-COMPLIANCE:**

During the year under review there was delay in submission of Annual Report for the financial year 2020-21 to the Stock Exchange i.e., BSE Limited under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for which the Company was levied a fine of Rs. 2,34,000/- (Rupees Two Lakhs Thirty Four Thousand) by BSE Limited as per SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/202012 dated January 22, 2020. The Company has made suitable representation for wavier of such fine.

#### **35. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

The Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, is annexed under **Annexure V** to this report.

#### **36. SUBSIDIARIES/ JOINT VENTURES & ASSOCIATE COMPANY'S:**

The Company operates as a single entity with no subsidiaries or Joint Venture or Associate Companies as explained within the meaning of the Companies Act, 2013. Since the company has no Subsidiary, Joint Venture or Associate companies the company is not required to give information in AOC-1 as required under Companies Act, 2013.

#### **37. INTERNAL AUDITORS:**

As per section 138 of the Companies Act, 2013, the Company has appointed M/s Tanishq Tharani & Co., Chartered Accountants as Internal Auditors for the year to 2022-23 to conduct the Internal Audit and to ensure adequacy of the Internal controls, adherence to Company's policies and ensure statutory and other compliance through periodical checks and reviews.

#### **38. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**

The requirement of transfer of unclaimed dividend to Investor Education and Protection Fund as per the provisions of Sec.125 (2) of the Companies Act, 2013, does not apply to the Company, for the year ended on March 31, 2022.

#### **39. CORPORATE GOVERNANCE REPORT.**

As per Schedule V Part C of Listing obligation and Disclosure Requirements, the provision of corporate governance is not applicable to the Company as equity share capital of the company does not exceed 10 crores and net worth of the Company does not exceed 25 Crore as on last previous Financial Year.

Note – As per Schedule V Part C [(10) (i)] of Listing obligation and disclosure requirements, Company does not require to take certificate of 'Non- Disqualification of Director' from practicing Company Secretary.

#### **40. INTERNAL FINANCIAL CONTROL:**

The Company has in place adequate internal financial Controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

#### **41. COMPLIANCE WITH SECRETARIAL STANDARDS**

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

#### **42. PARTICULARS OF EMPLOYEES:**

There are no employees in the Company, who if employed throughout 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 Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **43. DETAILS OF MATERIAL AND SIGNIFICANT ORDER PASSED BY THE REGULATORS, COURTS AND TRIBUNALS**

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

#### **44. CORPORATE SOCIAL RESPONSIBILITY**

As per the regulatory requirement of Companies Act, 2013 and Rules framed there under, Corporate Social Responsibility is not applicable to the company. As such CSR Committee has not been formulated.

#### **45. RISK MANAGEMENT POLICY**

Risk Management is the process of identification, assessment and prioritization of risk followed by coordinated efforts to minimize, monitor, and mitigate the probability and/or impact of unfortunate events or o maximize the realization of opportunities. The company has laid down a comprehensive Risk assessment and minimization procedure which is reviewed by the Board from time to time. These procedure are reviewed to ensure that executive management controls risk through means of properly defined framework.

#### **46. WHISTLE BLOWER POLICY/VIGIL MECHANISM:**

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been available on the Company's website: <https://www.ggautomotive.com/whistleblower-policy>. No instance under the whistle Blower policy was reported during the financial year 2021-22.

#### **47. DISCLOSURE UNDER SEXUAL HARASSMENT ACT:**

The company has complied with the provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 relating to the constitution of Internal Complaints Committee and other applicable provisions. During the financial year under review, the Company has not received any complaints of sexual harassment from any of the employees of the Company.

#### **48. ENHANCING SHAREHOLDER VALUE**

Your Company firmly believes that its success, the marketplace and a good reputation are among the primary determinants of value to the shareholder. The organisational vision is founded on the principles of good governance and delivering leading-edge products backed with dependable after sales services. Following the vision your Company is committed to creating and maximising long-term value for shareholder.

#### 49. POLICIES

The Company seeks to promote highest levels of ethical standards in the normal business transaction guided by the value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates formulation of certain policies for Listed Companies. The Policies are reviewed periodically by the Board and are updated based on the need and compliance as per the applicable laws and rules and amended from time to time. The policies are available on the official website of the Company at [www.ggautomotive.com](http://www.ggautomotive.com).

#### 50. OTHER DISCLOSURES

The company does not have any Employees Stock Option Scheme in force and hence particulars are not furnished, as the same are not applicable.

No application has been made under Insolvency and Bankruptcy Code: hence requirement to disclose the details of application made or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the Financial Year is not applicable to the Company.

The requirement to disclose the details of difference between amount of valuation done at the time of onetime settlement and valuation done while taking loan from the Banks and Financial Institutions along with the reasons thereof is also not applicable.

#### 51. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation for the support which the Company has received from its shareholders, promoters, lenders, business associates including distributors, vendors and customers, the press and the employees of the Company.

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

Place : Dewas, Madhya Pradesh.  
Date : 23<sup>rd</sup> July, 2022

Sd/-  
KENNEDY RAM GAJRA  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN:02092206)

**ANNEXURE-I**  
**SECRETARIAL AUDIT REPORT**  
**Form No. MR-3**

For the financial year ended on 31<sup>st</sup> March, 2022.

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014].

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **G. G. AUTOMOTIVE GEARS LIMITED** (hereinafter called “The Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our limited verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31<sup>st</sup> March, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers and minute books, Forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2022, to the extent applicable provisions of:

- I. The Companies Act, 2013 (“The Act”) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) to the extent applicable to the Company: -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;



- e. Except as mentioned elsewhere in this report the Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited.

VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company as mentioned below:

- i) The Environment Protection Act, 1986; and Rules made there under;
- ii) Air (Prevention and Control of Pollution) Act 1981 and Rules issued by State Pollution Control Board;
- iii) Water (Prevention and Control of Pollution) Act 1974 and Rules issued by State Pollution Control Board; and
- iv) Hazardous Wastes (Management and Handling) Rules, 1989.

We have also examined compliances with the applicable clauses of the following:

- i) Secretarial Standards 1 and 2 as issued and revised by The Institute of Company Secretaries of India with effect from 1<sup>st</sup> October, 2017.
- ii) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended and made effective from time to time.

During the year under review, the Company in general has complied with the provisions of the Act, Rules, Regulations, Guidelines, as mentioned elsewhere in this report subject to the following observations:

- Pursuant to Regulation 31(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 100% of the Promoters Shareholding is not in Demat Mode and, 11,47,398 (Eleven Lakhs Forty Seven Thousand Three Hundred and Ninety Eight) Equity Shares of Rs. 10 each constituting 47.19% held by Promotes are yet to be dematerialized.
- The Company has not maintained structural digital database as per SEBI Circular SEBI/HO/CFD/DCR1/CIR/P/2018/85.
- There was a delay in submission of Annual Report for the Financial Year 2020-21 to the Stock Exchange i.e., BSE Limited pursuant to the provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **We further report that:**

The Board of Directors of the Company is duly constituted with balance of Executive Directors, Non-Executive Directors and Independent Directors. There are no changes in the composition of the Board of Directors during the year under review.

Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that during the audit period:**

1. The 47<sup>th</sup> Annual General Meeting of the Members of the Company held on 25<sup>th</sup> September, 2021 at 11.30 A.M. through Video Conferencing / Other Audio Visual Means ("VC/OAVM") in view of continuation of Ministry's General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 and General Circular No. 02/2021 dated 13<sup>th</sup> January, 2021 it has been allowed to organize AGMs in 2022 for the Financial Year ended on 31<sup>st</sup> March, 2021 through VC or OAVM in accordance with the requirements laid down in Para 3 and Para 4 of the General Circular No.20/2020 dated 5<sup>th</sup> May, 2020.
2. Mr. Kennedy Ram Gajra (DIN: 02090206) was re-appointed as Managing Director of the Company for three years with effect from 01<sup>st</sup> July, 2021 to 30<sup>th</sup> June, 2024.
3. Ms. Divya Desai (ACS No. 61179) has resigned from the office of Company Secretary and Compliance officer w.e.f the closing hours of 3<sup>rd</sup> January, 2022.
4. Ms. Lata Narang (ACS No. 66669) was appointed as Company Secretary and Compliance Officer of the Company on recommendation of Nomination and Remuneration Committee of the Company w.e.f. 2<sup>nd</sup> February, 2022.
5. As informed the Company is in process of complying with the provisions of section 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. The Company has received final trading approval and the suspension in trading of Equity Shares has been revoked w.e.f 22<sup>nd</sup> November, 2021 and Company has paid Revocation Fees amounting to Rs. 35,40,000/- (Rupees Thirty Five Lakhs and Forty Thousand Only) (Inclusive of GST).

This report is to be read with our letter of even date which is annexed as **Annexure – I** and forms an integral part of this report.

**Date: 23<sup>rd</sup> July, 2022**

**Place: Mumbai**

**ICSI UDIN: A005941D000673905**

**Peer Review No. :P2007MH004300**

**For HSPN & Associates LLP  
Company Secretaries**

**Sd/-  
Mr. Prakash Naringrekar  
Designated Partner  
ACS No.: 5941  
CP No.: 18955**

## **Annexure - I**

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

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Date: 23<sup>rd</sup> July, 2022**  
**Place: Mumbai**  
**UDIN: A005941D000673905**  
**Peer Review No.: P2007MH004300**

**For HSPN & Associates LLP**  
**Company Secretaries**

**Sd/-**  
**Mr. Prakash Naringrekar**  
**Designated Partner**  
**ACS No.: 5941**  
**CP No.: 18955**

## Annexure - II

### **Report on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo and forming part of Board's Report for the year ended 31<sup>st</sup> March, 2022.**

#### **(A) Conservation of Energy:**

- (i) **Steps taken or impact on conservation of energy:** The company is taking adequate steps progressively on conservation of energy.
- (ii) **Steps taken by the Company for utilizing alternate sources of energy:** The company is not making use of alternate sources of energy.
- (iii) **Capital investment on energy conservation equipment's:** During the Financial year 2021-2022 the company has not spent amount on capital investment on energy conservation equipment.

#### **(B) Technology absorption: -**

1.	The efforts made towards technology absorption	During the year the company has not made any technological changes.
2.	The benefits derived like product improvement, cost reduction, product development or import substitution	The installed equipment's has resulted in enhanced production capacity and better-quality product at lower power consumption
3.	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year: a) the details of technology imported b) the year of import c) whether the technology been fully absorbed d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	The company has not imported technology during the last three financial years.

#### **C. Foreign Exchange Earnings and Outgo:**

(Rs. In Lacs)

	<b>2021-2022</b>	<b>2020-2021</b>
Foreign Exchange earned	140.06	140.66
Foreign Exchange used	114.93	305.16
Net Foreign Exchange earnings/-outgo	25.13	-164.50

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

Place : Dewas, Madhya Pradesh.  
Date : 23<sup>rd</sup> July, 2022

Sd/-  
KENNEDY RAM GAJRA  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN:02092206)

## ANNEXURE - III

### FORM NO. AOC – 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the  
Companies Act, 2013 and Rule 8(2) of the Companies(Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with the related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

Sr. No	Name of the Related Party & Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Not Applicable								

#### 2. Details of material contracts or arrangements or transactions at arm's length basis:

Name of the Related Party & Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
Mrs. Indira Ram Gajra (Mother of KMP)	Rent given to mother of Kennedy Ram Gajra (Managing director)	Annually	Rent Rs. 12,00,000 P.A. Other terms and conditions as per agreement	N.A.
Mr. Kenedy Ram Gajra (Key Managerial Personnel)	Remuneration	Annually	Remuneration Rs. 60,00,000/- P.A. Other terms and conditions as per agreement	N.A.
Mr. Anmol Gajra (Key Managerial Personnel)	Remuneration	Annually	Remuneration Rs. 18,00,000/- P.A. Other terms and conditions as per agreement	N.A.

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

Place : Dewas, Madhya Pradesh.  
Date : 23<sup>rd</sup> July, 2022

Sd/-  
KENNEDY RAM GAJRA  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN:02092206)

## ANNEXURE - IV

Sr. No.	Disclosure Requirement	Disclosure Details		
1.	Ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Mr. Kennedy Ram Gajra Ratio: 50 times Mr. Anmol Gajra Ratio: 15 Times Mr. Shailendra Ajmera Ratio: NIL times Mr. Pravin Kumar Shisodiya Ratio: NIL times Mrs. Ruchi Sogani Ratio: Nil Times		
2.	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<b>Director/KMP</b>	<b>Designation</b>	<b>% increase/ (decrease) in Remuneration</b>
		Mr. Kennedy Ram Gajra	Chairman & Managing Director	No Change
		Mr. Anmol Gajra	Whole Time Director	No Change
		Narayan Srivas	Chief Financial Officer	No Change
		Lata Narang	Company Secretary	No Change
3.	Percentage decrease in the median remuneration of employees in the financial year	-6.5%		
4.	Number of permanent employees on the rolls of Company at the end of the year	290		
5.	Explanation on the relationship between average increase in remuneration and Company performance	The remuneration expense of the Company has been increased with the increase in performance during the financial year 2021-22.		
6.	Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company	It is in line of company performance. However, the increase is over a period of time.		



7.	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer	<b>Particulars</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>	<b>Variation (%)</b>
		Market Capitalization	19.23 Crore	NIL	N.A.
		Price earnings ratio (based on consolidated EPS)	45.83	N.IL	N.A.
		As on March 31, 2021, the trading of shares of the Company was suspended by BSE Limited considering this the price and market capitalization cannot be ascertained.			
8.	Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The aggregate remuneration of employees other than managerial Personnel have decreased -5.5%			
9.	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	Directors/KMP	Designation	Remuneration	FY 2021-22
				% of PBT (standalone)	% of PBT (Consolidated)
		Kennedy Ram Gajra	Managing Director	143.82%	NA
		Anmol Gajra	Wholetime Director	43.15%	NA
		Shailendra Ajmera	Independent Director	NIL	NA
		Pravin Kumar Shishodiya	Independent Director	NIL	NA
		Ruchi Sogani	Independent Director	NIL	NA
		Narayan Shrivias	CFO	23.01%	NA
		Lata Narang	Company Secretary	7.19%	NA

10.	Key parameters for any variable component of remuneration availed by the directors	The key parameters for variable component of remuneration availed by directors are: Group Performance; Business Performance; and Individual Performance.
11.	Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not applicable.
12.	Affirmation that the Remuneration is as per the remuneration policy of the Company	Remuneration paid to the employees including KMPs is as per the Remuneration Policy of the Company

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

Place : Dewas, Madhya Pradesh.  
Date : 23<sup>rd</sup> July, 2022

Sd/-  
**KENNEDY RAM GAJRA**  
**CHAIRMAN AND MANAGING DIRECTOR**  
(DIN:02092206)

## ANNEXURE - V

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Industry Structure and Development:

Your Company is in the business of design, manufacture, supply and servicing of Gears and Pinions & Gear boxes. The market this year has been largely static. The market for Gear is trending towards higher sizes due to larger capacities being planned by the various users. Accompanying these trends is the scale-up in capital equipment sizes. Newer technologies, energy efficiency and space reduction are emerging as key drivers in the Gear industry. India, in recent years, is witnessing a growth in the planetary Gear segment signaling a maturing of the market.

The Company is in automotive gears and allied products industry; it has registered a steady growth over a period of years. The trend has been upward and gives an indication of bright future. In line with market developments, the company is also expanding its market by adding more products in its product range.

#### Review of Operations:

During the year, the Company reported a revenue of 47.50 Crores, 36.72% higher than the previous year, also grew its orders booked during the year and continues to put efforts to enhance presence in the market. The approach involves enhancing its reach by strengthening its Sales and Service teams, building references in high potential segments.

Operations of the company have been satisfactory despite of sluggish and weaken market conditions prevailing in the types of industry in which the company belongs and more particularly described in Directors' Report.

The Profit before Tax for the year was Rs. 41.72 Lakhs against Rs. 291.40 Lakhs loss in the previous year due to pandemic situation.

#### Future Plans and Outlook:

The Company remains confident that the future is positive given the confidence of its customers on the Company's products, service and its ability to provide lasting value. Expectations of a more conducive economic environment especially with the initiatives of the government to revive manufacturing growth in India augur well for the Company.

The outlook appears bright.

#### Segment wise Performance:

The company is engaged in single segment i.e. manufacturing of traction gears and pinions with allied activities. The performance is reflected in the Balance Sheet and Profitability Statement.

#### Opportunities and Threats:

The union budget 2022-23 proposal to hike capital expenditure substantially can bring a lot of opportunities to the industry. A focus on building the national highways network, affordable

homes under the PM Awas Yojana and new-generation trains is expected to increase the demand for sectors such as cement, engineering goods and industrial manufacturing. The consolidation of major central labour laws relating to wages, social security, industrial relations, and occupational safety and health, is indeed a welcome step that underlines the Government's attempt to boost ease of doing business and reform domestic laws in order to bring them in line with modern best practices subject to notification.

The impact of pandemic was both domestic as well as external. Domestically it resulted in factory shutdowns, travel restrictions and reduced discretionary spending. Whereas external impacts are supply chain disruptions, weaker global demand, lower commodity prices etc.

Manufacturers of Railway Gears & Pinions, are increasingly facing competition from rise in the number of emerging players across India who manufacture similar products at much lower price is expected to lead to significant competition in the market.

### **Risk Factors:**

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

### **Human Resources/industrial Relations:**

The Company continued to invest in human resources, its key strength, with a view to building a pool of talented people to lead the Company into the future. Skill development and employee engagement initiatives continued to receive high attention.

The Company has got ISO Certification 14001:2004 Environment Management System.

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:**

The Company has an Internal Audit system commensurate with its size and operations. The internal audit is carried out by external experts covering key aspects of the business.

The internal team periodically evaluates the adequacy and effectiveness of internal controls being followed in the Company.

The Audit committee reviews the plan for Internal Audit, significant internal audit observations and its satisfactory closure.

## Ratio Analysis:

Particulars	2021-22	2020-21	Change in %
Debtors Turnover Ratio	5.66	2.91	95%
Inventory Turnover Ratio	2.95	2.10	40%
Interest coverage Ratio	1.17	-1.42	18%
Current Ratio	1.06	1.12	-6%
Debt Equity Ratio	1.56	1.33	18%
Operating Profit Margin Ratio (%)	27.31	21.34	28%
Net Profit Margin Ratio (%)	0.01	-0.08	-111%
Return on Net worth (%)	2.04	-12.30	-1.16

Debtors Turnover Ratio: Change is due to better realization from customers. Inventory Turnover Ratio: The change is due to increase in sales.

Interest Coverage Ratio: There is positive change in interest coverage ratio. Current Ratio: The change is due to change in inventories.

Debt Equity Ratio: Change is due to outstanding repayment. Return on Net worth: The change is due to increase in profit.

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

Sd/-  
KENNEDY RAM GAJRA  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN:02092206)

Place : Dewas, Madhya Pradesh.  
Date : 23<sup>rd</sup> July, 2022

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

To,  
The Board of Directors,  
**G. G. Automotive Gears Limited**  
2-A, I.S. Gajra Industrial Area-1,  
A.B. Road, Dewas, Madhya Pradesh – 455001.

We, Kennedy Ram Gajra, Managing Director and Narayan Shrivastava, Chief Financial Officer of the Company do hereby certify that:

1. We have reviewed the financial statement and the cash flow statements for the year and that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - (b) 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.
2. 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.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee:
  - (a) Significant changes, if any, in internal control over financial reporting during the year;
  - (b) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and.
  - (c) Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of management or an employee having a significant role in the Company's internal control system over financial reporting.

FOR G. G. AUTOMOTIVE GEARS LIMITED

Sd/-  
KENNEDY RAM GAJRA  
CHAIRMAN & MANAGING DIRECTOR  
(DIN:02092206)

FOR G. G. AUTOMOTIVE GEARS LIMITED

Sd/-  
NARAYAN SHRIVASTAVA  
CFO

Place: Dewas, Madhya Pradesh.  
Date : 23<sup>rd</sup> July, 2022



---

**Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management**

In terms of the requirements of the Listing Obligation and Disclosure Requirements, Regulations 2015, Code of Conduct as approved by the Board of Directors of the Company I, Kennedy Ram Gajra, Managing Director on behalf of the board of directors and senior management of the Company hereby declare that all Board members and senior management personnel affirm compliance with the code on an annual basis for the period 31<sup>st</sup> March, 2022.

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

Place : Dewas, Madhya Pradesh.  
Date : 23<sup>rd</sup> July, 2022

Sd/-  
KENNEDY RAM GAJRA  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN:02092206)

---

**DECLARATION**

I, Kennedy Ram Gajra, 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 and on behalf of Board of Directors of  
**G. G. AUTOMOTIVE GEARS LIMITED**

Place : Dewas, Madhya Pradesh.  
Date : 23<sup>rd</sup> July, 2022

Sd/-  
KENNEDY RAM GAJRA  
CHAIRMAN AND MANAGING DIRECTOR  
(DIN:02092206)

## INDEPENDENT AUDITOR'S REPORT

To the Members of G. G. Automotive Gears limited Report on the Standalone Financial Statements  
Opinion

We have audited the standalone financial statements of G. G. Automotive Gears limited ("the Company"), which comprise the balance sheet as at 31st March 2022, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity as at March 31, 2022 and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Emphasis of matter

In View of Consequent effects of COVID19 Pandemic situation, we draw your attention to attached note no.3 (iv) to the Standalone financial Statements which explains the management's assessment of the financial impact due to the lock-down and other restrictions and conditions related to Continuation of COVID-19 pandemic situation for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter. We also drawn your attention to note no 10 in respect of advances given for material to be supplied of Rs.2.25 cr is delayed due to consequent effect of COVID 19.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the

context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<b>Recognition of Deferred Tax Assets.</b>	
The Company has Deferred Tax Asset (DTA) of Rs. 85.28 lacs as at March 31-2022 out of which sum of Rs. 80.61 lacs is against unabsorbed losses(Note No 24 ). DTA are recognized to the extent that is probable that taxable profit will be available against which the deductible temporary differences and the carry forwards of unused tax credit and unused tax losses can be utilized. The company's ability to recognize deferred tax asset is assessed by management at the end of the year. The recognition of deferred tax asset is identified as key audit matter considering the significance of amounts and judgments involved.	<p>Our Audit procedures included the following –</p> <p>Assessed the accounting policy with respect to recognition of deferred taxes in accordance with Ind AS 12"Income Taxes". Involved tax specialists who evaluated the Company's tax positions by assessing</p> <p>We obtained and verified the budgeted forecast approved by the senior management which was in line with the projections approved by the Board of the Company for recoverability of deferred tax asset.</p> <p>We performed reasonability testing in relation to assumptions and estimates considered by the management for assessing recoverability of deferred tax asset.</p> <p>We assessed the disclosures in the Standalone Financial Statements in accordance with the requirements of Ind AS 12</p>

### Information other than the Financial Statement and Auditor's Report Thereon

The Company's board of director is responsible for the preparation of the other information. The other information comprises the information included in the Management discussion and Analysis, Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's information, but does not include the standalone financial and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial

statements that give a true and fair view of the financial position, and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind. AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

- e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.
2. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Mukesh & Associates**  
**Chartered Accountants**  
**FRN - 106599W**

**(CA. Mukesh Shah)**  
**Proprietor**  
**M.NO. – 035005**  
**UDIN - 22035005AJBCGI1619**

**Place: Mumbai**  
**Date: 16.05.2022**



## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF G.G. AUTOMOTIVE GEARS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of G.G. AUTOMOTIVE GEARS LIMITED (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance 168 Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting

principles. A company's internal financial control over financial reporting includes those policies and procedures that :

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Mukesh & Associates**  
**Chartered Accountants**  
**FRN - 106599W**

**(CA. Mukesh Shah)**  
**Proprietor**  
**M.NO. – 035005**  
**UDIN - 22035005AJBCGI1619**

**Place: Mumbai**  
**Date: 16.05.2022**

**ANNEXURE “B” REFERRED TO IN POINT 1 OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF THE REPORT OF THE AUDITORS ON THE ACCOUNTS OF G.G. AUTOMOTIVE GEARS LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**

<b>3(i)</b>		Property, Plant and Equipment
<b>(a)</b>	<b>(A)</b>	The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
	<b>(B)</b>	The company has maintained proper records showing full particulars of intangible assets;
<b>(b)</b>		The Property, Plant and Equipment have been physically verified by the management at reasonable intervals and in accordance with the confirmation provided by the management there was no material discrepancy found on such verification;
<b>(c)</b>		The title deeds of all the immovable properties disclosed in the financial statements are held in the name of the company;
<b>(d)</b>		There was no revaluation of Property, Plant and Equipment or intangible assets during the year under audit;
<b>(e)</b>		There have been no proceedings found initiated or are pending against the company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988 and Rules made there under;
<b>3(ii)</b>		Inventories
<b>(a)</b>		Physical verification of inventory has been conducted as at reasonable intervals by the management and in our opinion, the coverage and the procedure adopted for such verification by the management is found appropriate. As per the information provided by the management, there was no major discrepancy noticed during the course of verification;
<b>(b)</b>		The company has been enjoying working capital limits in excess of 5 Crore Rupees, in aggregate, from banks on the basis of security of current assets. As per information provided to us the company has been regular in filing quarterly returns and other statements required by the bank and those are in agreement with the books of account of the company;
<b>3(iii)</b>		Investments, guarantees, loans and advances
		The company has not made any investment, provided any guarantee or security or granted any loans and advances in the nature of loans, secured or un-secured, to companies, firms, LLPs or any other party except bank guarantees in favour of Govt. Departments and advances for supplies in normal course of business which are not prejudicial to the interest of the company;
<b>3(iv)</b>		Compliance of section 185 and 186 of The Companies Act, 2013
		The company has adhered to the provisions of section 185 and 186 of The Companies Act, 2013 in respect of loans, investments, guarantees and security;
<b>3(v)</b>		Deposits U/s 73 to 76 of The Companies Act, 2013
		The company has not accepted deposits or amounts which are deemed to be deposits and thereby the provisions of section 73 to 76 or any other relevant provisions of The Companies Act and the Rules framed there under as well as directives issued by Reserve Bank of India have been complied with;

<b>3(vi)</b>		Maintenance of cost records																								
		The company is not covered under the clause regarding maintenance of cost records as prescribed by the Central Government under section 148 (1) of the Companies Act, 2013;																								
<b>3(vii)</b>		Statutory dues																								
		The company is regular in depositing statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues to the appropriate authorities except followings which have not been deposited or deposited under protest since the demand is sub-judice being in appeal:																								
		<table> <tr> <th>Particulars</th><th></th><th></th></tr> <tr> <td>Name of statute</td><td>Income Tax</td><td>PF</td></tr> <tr> <td>Amount</td><td>1640540</td><td>1182277</td></tr> <tr> <td>Period to which the amount relates</td><td>A.Y. 2013-14</td><td>March 2002 to June 2009</td></tr> <tr> <td>Forum where the dispute is pending</td><td>CIT Mumbai</td><td>Registrar, EPFAT, Jabalpur</td></tr> <tr> <td>Due date for payment</td><td>Already Paid</td><td>Not specified</td></tr> <tr> <td>Arrears in amount at the balance sheet date</td><td>Nil</td><td>1182277</td></tr> <tr> <td>Reason for arrears</td><td>N.A.</td><td>Disputed</td></tr> </table>	Particulars			Name of statute	Income Tax	PF	Amount	1640540	1182277	Period to which the amount relates	A.Y. 2013-14	March 2002 to June 2009	Forum where the dispute is pending	CIT Mumbai	Registrar, EPFAT, Jabalpur	Due date for payment	Already Paid	Not specified	Arrears in amount at the balance sheet date	Nil	1182277	Reason for arrears	N.A.	Disputed
Particulars																										
Name of statute	Income Tax	PF																								
Amount	1640540	1182277																								
Period to which the amount relates	A.Y. 2013-14	March 2002 to June 2009																								
Forum where the dispute is pending	CIT Mumbai	Registrar, EPFAT, Jabalpur																								
Due date for payment	Already Paid	Not specified																								
Arrears in amount at the balance sheet date	Nil	1182277																								
Reason for arrears	N.A.	Disputed																								
<b>3(viii)</b>		Unrecorded transactions																								
		During the course of audit, we have not come across any transaction not recorded in the books of account required to be surrendered or disclosed as income during the year in the tax assessments under The Income Tax Act, 1961;																								
<b>3(ix)</b>		Long term funds and its utilization																								
<b>(a)</b>		The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender;																								
<b>(b)</b>		The company has not been declared willful defaulter by any bank or financial institution or other lender;																								
<b>(c)</b>		As per our scrutiny, term loans borrowed during the year were applied for the purpose for which the loans were obtained;																								
<b>(d)</b>		We have not come across any instance of fund raised on short term basis having been utilized for long term purposes;																								
<b>(e)</b>		The company has not taken any funds from any entity or person on account of or to meet the obligation of its subsidiaries, associates or joint ventures;																								
<b>(f)</b>		The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies;																								

<b>3(x)</b>		Public Money and Preferential Allotments
<b>(a)</b>		The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and therefore we have no comments to offer whether the raised funds were applied for the purposes for which those are raised;
<b>(b)</b>		The company has not made any preferential allotment or private placement of shares of convertible debentures (fully, partially or optionally convertible) during the year and thereby there is no contravention of Section 42 and 62 of The Companies Act, 2013;
<b>3(xi)</b>		Fraud, Fraudulent Transactions and Whistle Blowing
<b>(a)</b>		We have not noticed any fraud by the company or any fraud on the company which has been reported during the year;
<b>(b)</b>		We have not come across an instance of fraud while performing our duties as an Auditor which is required to be reported under sub-section (12) of section 143 of The Companies Act, 2013;
<b>(c)</b>		We have not found any whistle blower complaint received during the year by the company;
<b>3(xii)</b>		Compliance of Provisions related to Nidhi Companies
		The provisions related to a Nidhi company are not applicable to the company being not a Nidhi Company;
<b>3(xiii)</b>		Related party transactions
		All transactions with the related parties are in compliance with section 177 and 188 of The Companies Act, where applicable and relevant details have been disclosed in the financial statements etc., as required by the applicable accounting standards;
<b>3(xiv)</b>		Internal audit under section 138 of The Companies Act, 2013
<b>(a)</b>		The company has an internal audit system commensurate with the size and nature of its business;
<b>(b)</b>		The reports of the internal auditor for the period under audit are placed on record and reviewed by us before finalizing the audit report;
<b>3(xv)</b>		Non cash transactions
		During the course of our random checking, we have not come across any non-cash transaction with directors or persons connected with directors by the company or vice versa;
<b>3(xvi)</b>		NBFC related provisions
		The company is not required to be registered under section 45-IA of The Reserve Bank of India Act, 1934 (2) of 1934 since the company has neither conducted any Non-banking Financial or Housing Finance Activities nor investment activities;
<b>3(xvii)</b>		Cash losses
		The company has not incurred cash losses in the financial year and in the immediately preceding financial year;

<b>3(xviii)</b>		Resignation of auditor
		There has not been any resignation of the Statutory Auditors during the year under audit;
<b>3(xix)</b>		Financial Ratio Analysis
		On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of the Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report about the company's capability of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date;
<b>3(xx)</b>		Corporate Social Responsibility under section 135 of The Companies Act, 2013
		It is not applicable to the company for the year under audit;
<b>3(xxi)</b>		Consideration of consolidate components
		We have no comments to offer under this paragraph of CARO being no consolidation of financial statements during the year under audit;

For Mukesh & Associates  
Chartered Accountants  
FRN - 106599W

**(CA. Mukesh Shah)**  
**Proprietor**  
M.NO. – 035005  
UDIN - 22035005AJBCGI1619'

Place: Mumbai  
Date: 16.05.2022



**BALANCE SHEET as at March 31, 2022**

<b>PARTICULARS</b>	<b>Note No.</b>	<b>As at March 31, 2022 (In Lakhs)</b>	<b>As at March 31, 2021 (In Lakhs)</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant & Equipment	4(A)	3,057.33	3,147.66
(b) Capital work in progress	4(C)	84.50	-
(c) Right-of-use asset	27	18.94	28.40
(d) Intangible Assets	4(B)	13.70	0.96
(e) Intangible Assets under development	4(D)	-	10.09
(f) Financial assets			
(i) Other financial assets	5	32.80	122.39
(g) Income Tax Assets	7	24.69	9.58
(h) Other Non Current Assets	6	133.28	-
<b>Total non-current assets</b>		<b>3,365.24</b>	<b>3,319.08</b>
<b>(2) Current assets</b>			
(a) Inventories	8	1,121.73	523.76
(b) Financial Assets		-	-
(i) Trade receivables	9(A)	926.24	753.57
(ii) Cash and cash equivalents	9(B)	9.92	20.51
(iii) Bank balances other than (ii) above	9(C)	337.14	-
(c) Other Current Assets	10	730.89	812.87
<b>Total current assets</b>		<b>3,125.92</b>	<b>2,110.72</b>
<b>Total assets</b>		<b>6,491.16</b>	<b>5,429.80</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	791.62	791.62
(b) Other Equity	12	1,247.58	1,206.00
<b>Total equity</b>		<b>2,039.20</b>	<b>1,997.62</b>
<b>Liabilities</b>			
<b>(1) Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13	1,205.22	1,234.18
(ii) Lease liability	27	11.39	21.73
(b) Deferred Tax Liabilities (Net)	24	292.67	299.04
<b>Total non-current liabilities</b>		<b>1,509.28</b>	<b>1,554.94</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14(A)	1,975.99	1,417.15
(ii) Lease liability	27	10.34	9.38
(iii) Trade Payables	14(B)	-	-
Total Outstanding of micro enterprises and small enterprises		-	-
Total Outstanding due of creditors other than of micro enterprises and small enterprises		838.53	377.81
(iv) Other financial liabilities	14(C)	66.66	54.49
(b) Current Tax Liability (net)	15	-	-
(c) Other Current Liabilities	16	51.17	18.40
<b>Total current liabilities</b>		<b>2,942.69</b>	<b>1,877.24</b>
<b>Total equity and liabilities</b>		<b>6,491.16</b>	<b>5,429.80</b>

**See accompanying notes to the financial statements**

As per our Report of even date attached.

**For Mukesh & Associates**  
**Chartered Accountants**  
**FRN - 106599W**

On behalf of the Board

**Sd/-**  
**(CA. Mukesh Shah)**  
**Proprietor**  
**M.NO. - 35005**  
**UDIN - 22035005AJBCGI1619**
**Sd/-**  
**KENNEDY RAM GAJRA**  
**MANAGING DIRECTOR**  
**DIN: 02092206**
**Sd/-**  
**ANMOL GAJRA**  
**EXECUTIVE DIRECTOR**  
**DIN: 07835836**
**Place: Dewas**  
**Date: 16.05.2022**
**Sd/-**  
**NARAYAN SHRIVAS**  
**CFO**
**Sd/-**  
**LATA NARANG**  
**CS**

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED March 31, 2022

PARTICULARS	Note No.	For the year ended March 31, 2022 (In Lakhs)	For the year ended March 31, 2021 (In Lakhs)
Revenue from operations	17	4,750.84	3,006.23
Other Income	18	20.20	29.03
<b>Total Income</b>		<b>4,771.05</b>	<b>3,035.26</b>
<b>Expenses:</b>			
Cost of raw material consumed	19	2,911.56	1,132.37
Changes in inventories of finished goods and work-in-progress - Decrease / (Increase)	20	(485.96)	353.64
Employee benefits expense	21	704.92	570.41
Finance cost	22	234.05	204.77
Depreciation and amortisation of expenses	4(A & B) and 27	323.07	308.26
Other expenses	23	1,041.69	757.21
<b>Total Expenses</b>		<b>4,729.33</b>	<b>3,326.66</b>
Profit before tax		41.72	(291.40)
Tax expense:			
Current tax		6.51	-
Earlier Year Income Tax		-	(0.91)
Deferred tax	24	(6.37)	(44.81)
<b>Profit for the year</b>		<b>41.58</b>	<b>(245.68)</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the year</b>		<b>41.58</b>	<b>(245.68)</b>
Earning per equity share (for continuing operations)			
(1) Basic		0.53	(3.10)
(2) Diluted		0.53	(3.10)

### See accompanying notes to the financial statements

As per our Report of even date attached.

**For Mukesh & Associates**

On behalf of the Board

**Chartered Accountants**

**FRN - 106599W**

Sd/-

**(CA. Mukesh Shah)**

**Proprietor**

**M.NO. - 35005**

**UDIN - 22035005AJBCGI1619**

**Place: Dewas**

**Date: 16.05.2022**

Sd/-

**KENNEDY RAM GAJRA**

**MANAGING DIRECTOR**

**DIN: 02092206**

Sd/-

**NARAYAN SHRIVAS**

**CFO**

Sd/-

**ANMOL GAJRA**

**EXECUTIVE DIRECTOR**

**DIN: 07835836**

Sd/-

**LATA NARANG**

**CS**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2022

PARTICULARS	For the year ended March 31, 2022 (in Lakhs)	For the year ended March 31, 2021 (in Lakhs)
<b>A. Cash flow from operating activities</b>		
Net profit before tax & extraordinary items	41.72	(291.40)
<b>Adjustment for :</b>		
Depreciation	323.07	308.26
Interest paid	234.05	204.77
Less : Profit on Sales of Assets	0.00	0.00
Less : Interest and dividend received	(11.00)	(21.11)
Operating profit before working capital changes	587.84	200.52
<b>Adjustment for :</b>		
Trade and other receivables	(1.10)	672.46
Inventories	(597.97)	365.19
Trade and other payables	505.65	(992.55)
Cash generated from operations	494.43	245.62
Direct Tax paid	(21.62)	27.11
<b>Net cash from operating activities</b>	<b>472.81</b>	<b>272.73</b>
<b>B. Cash flow from investment activities</b>		
Sale of fixed assets (Net)	14.32	0.78
Purchase of Fixed Assets	(324.75)	(465.70)
Capital WIP, Cap. Adv. & Pre-op. Exps.	(133.28)	38.86
Interest received	11.00	21.11
Investment/ disinvestment in Fixed deposit	(337.14)	47.14
<b>Net cash from investment activities</b>	<b>(769.84)</b>	<b>(357.81)</b>
<b>C. Cash flow from financing activities</b>		
Payment of lease liability	(9.38)	(14.99)
Repayment of borrowings	(345.18)	(423.94)
Proceeds from borrowings	875.05	569.16
Interest paid	(234.05)	(204.77)
<b>Net cash from financing activities</b>	<b>286.44</b>	<b>(74.55)</b>
Net increase in cash and cash equivalents	(10.59)	(159.63)
Cash and cash equivalents at beginning of the year	20.51	180.14
<b>Cash and cash equivalents at end of the year</b>	<b>9.92</b>	<b>20.51</b>

We have checked the above cash flow statement of G. G. Automotive Gears Limited, derived from the audited annual financial statement for the period ended 31<sup>st</sup> March 2022, 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 Mukesh & Associates**  
**Chartered Accountants**  
**FRN - 106599W**

On behalf of the Board

Sd/-  
**(CA. Mukesh Shah)**  
**Proprietor**  
**M.NO. - 35005**  
**UDIN - 22035005AJBCGI1619**

Sd/-  
**KENNEDY RAM GAJRA**  
**MANAGING DIRECTOR**  
**DIN: 02092206**

Sd/-  
**ANMOL GAJRA**  
**EXECUTIVE DIRECTOR**  
**DIN: 07835836**

**Place: Dewas**  
**Date: 16.05.2022**

Sd/-  
**NARAYAN SHRIVAS**  
**CFO**

Sd/-  
**LATA NARANG**  
**CS**

## Statement of changes in equity for the year ended March 31, 2022

### Equity share capital

	No. of Shares	Amount in Lakhs
<b>Authorised</b>	<b>80,00,000</b>	<b>800.00</b>
8,000,000 Equity Shares of Rs. 10/- each (Previous year 8,000,000 shares of Rs. 10/- each )		
<b>Issued, Subscribed and Paid-up</b>	<b>79,16,167</b>	<b>791.62</b>
(7,916,167 Equity Shares of Rs. 10/- each fully paidup) Share Capital		
Changes in equity share capital during the year		
<b>Balance as at March 31, 2021</b>	<b>79,16,167</b>	<b>791.62</b>
Changes in equity share capital during the year		
<b>Balance as at March 31, 2022</b>	<b>79,16,167</b>	<b>791.62</b>

Shareholder's Holding more than 5% shares	March 31, 2022	%	March 31, 2021	%
Name of the shareholder	No. of shares held	No. of shares held	No. of shares held	No. of shares held
Mr. K.R. Gajra	19.77	24.97	19.77	24.97
Mr. Narayan Shrivastava	4.49	5.67	4.49	5.67

### Other Equity

Amount in Lakhs

Particulars	Reserves and Surplus			Total Other Equity
	Securities premium reserve	Retained earnings	Other Comprehensive Income	
<b>Balance as at April 1, 2020</b>	<b>106.50</b>	<b>1,433.77</b>	<b>(88.59)</b>	<b>1,451.68</b>
Profit for the year	-	(245.68)	-	(245.68)
Other comprehensive income for the year, net of income tax	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>106.50</b>	<b>1,188.09</b>	<b>(88.59)</b>	<b>1,206.00</b>
Profit for the year	-	41.58	-	41.58
Other comprehensive income for the year, net of income tax	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>106.50</b>	<b>1,229.67</b>	<b>(88.59)</b>	<b>1,247.58</b>

As per our Report of even date attached.

**For Mukesh & Associates**  
Chartered Accountants  
FRN - 106599W

On behalf of the Board

Sd/-  
(CA. Mukesh Shah)  
Proprietor  
M.NO. - 35005  
UDIN - 22035005AJBCGI1619

Sd/-  
**KENNEDY RAM GAJRA**  
MANAGING DIRECTOR  
DIN: 02092206

Sd/-  
**ANMOL GAJRA**  
EXECUTIVE DIRECTOR  
DIN: 07835836

Place: Dewas  
Date: 16.05.2022

Sd/-  
**NARAYAN SHRIVASTAVA**  
CFO

Sd/-  
**LATA NARANG**  
CS

## Notes to the financial statements for the year ended March 31, 2022

### 1 Corporate Information

G. G. Automotive Gears Ltd. was incorporated under the Companies Act in the state of Maharashtra, India, in the year 1974. Subsequently, the company became a Public Limited Company in 1995. G.G. Automotive Gears Ltd. is a leading manufacturer of traction gears and pinions, based out of Dewas, Madhya Pradesh in India. GGAG has been a market leader in automotive gears for the last 44 years. Established in 1974, the company undertakes to manufacture of traction gears as a strategic shift from its traditional business of automotive gears.

#### Statement of compliance and Basis of preparation and presentation

(a) The standalone financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (the Act) read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policy below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### (b) Functional and presentation currency :

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded off in lacs, unless otherwise indicated

### 2. Significant Accounting Policies :

#### (a) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price (net of trade discount and rebates) and any directly attributable cost of bringing the asset to its working condition for its intended use and for qualifying assets, borrowing costs capitalised in accordance with the Ind AS 23. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. Depreciation commences when an asset is ready for its intended use. Freehold land and assets held for sale are not depreciated. Regulated Assets: Depreciation on Property, plant and equipments in respect of electricity business of the Company covered under Part B of Schedule II of the Companies Act, 2013, has been provided on the straight line method at the rates using the methodology as notified by the regulator. Non-Regulated Assets: Depreciation is recognised on the cost of assets (other than freehold land and properties under construction) less their residual values over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipments over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Estimated useful lives of the Regulated and Non-Regulated assets are as follows:

Particulars	Useful life (in years)
Building	30
Plant & machinery	15
Office equipments	5
Furniture and fixtures	10
Vehicles	8
Computers	3

### **Decapitalization**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipments is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

#### **a Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives.

The estimated useful life for intangible assets is 3 years. The estimated useful and amortisation method are reviewed at each reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment loss.

#### **b Impairment of tangible and intangible assets**

The carrying amounts of the Company's property, plant and equipment and intangible assets are reviewed at each reporting date to determine whether there is any indication that those assets have suffered any impairment loss. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

An impairment loss is recognised in statement of profit and loss whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. The

recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. Reversal of an impairment loss is recognised immediately in profit or loss.

**c Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated returns, rebates and other similar allowances. Revenues consist of sale of locomotive and industrial application gears & pinions, gearboxes and forged automotive components. The Company recognises revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers which is when control including risks and rewards and title of ownership passed to the customer.

Income from rendering other operating services are recognised as the services performed. Revenue is recognised when it is earned and it is probable that economic benefit will flow to the Company. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recorded using the applicable Effective Interest Rate (EIR), which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**d Foreign currencies**

The Company's financial statements are presented in INR, which is also the Company's functional currency.(i) All transactions in foreign currency are recorded at the rates of the exchange prevailing on the dates when the relevant transactions took place; any gain/ loss on account of the fluctuations in the rate of exchange is recognized in the statement of Profit and Loss.(ii) Monetary items in the form of loans, current assets and current liabilities in foreign currencies at the close of the year are converted in the Indian currency at the appropriate rate of exchange prevailing on the dates of the Balance Sheet. Resultant gain or loss on account of fluctuation in the rate of exchange is recognized in the statement of Profit and Loss.(iii) In respect of the Forward Exchange Contracts entered into to hedge foreign currency risks, the difference between the Forward Rate and Exchange Rate at the inception of the contract is recognized as income or expense.

**e Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until



such time as the assets are substantially ready for their intended use of sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## **f Employee benefits**

### **(i) Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense.' Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of termination benefit and when the entity recognises any related restructuring costs.

### **(ii) Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees' upto the reporting date.

**(iii) Contributions from employees or third parties to defined benefit plans**

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

**g Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**(i) Current tax**

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Current tax for current period is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### **(iii) Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## **h Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all applicable overheads in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to make the sale.

The basis of determination of cost remains as follows:

- *Raw material, packing material: Moving weighted average cost.*
- *Stores & stores: Moving Weighted average cost.*
- *Work-in-progress: Cost of input plus overhead up to the stage of completion.*
- *Finished Goods: Cost of input plus appropriate overhead.*
- *Scrap: at net realisable value.*

## **i Provisions, contingent liabilities and contingent assets**

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that the outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised in the financial statements, however they are disclosed where the inflow of economic benefits is probable. When the realisation of income is virtually certain, then the related asset is no longer a contingent asset and is recognised as an asset.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits to be received from the contracts.

## **j Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **(i) Initial recognition**

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the statement of profit and loss.

### **(ii) Financial assets**

#### **(I) Classification of financial assets**

Financial assets are classified into the following specified categories: amortised cost, financial assets 'at fair value through profit and loss' (FVTPL), 'Fair value through other comprehensive income' (FVTOCI). The classification depends on the Company's business model for managing the financial assets and the contractual terms of cash flows.

#### **(II) Subsequent measurement**

- Debt Instrument - amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost: (a) if the asset is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **- Fair value through other comprehensive income (FVTOCI)**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets.
- (b) The asset's contractual cash flows represent solely payments of principal and interest.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the effective interest rate method.

### **- Fair value through Profit and Loss (FVTPL):**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is considered only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

### **(III) Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement~ and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred

asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **(IV) Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimating future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the “Other income” line item.

#### **(V) Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI) Expected credit losses are measured through a loss allowance at an amount equal to:
- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). The Company follows ‘simplified approach’ for recognition of impairment loss allowance on:
- Trade receivables or contract revenue receivables; and
- All lease receivables Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

### **(iii) Financial liabilities and equity instruments**

#### **(I) Classification of debt or equity**

Debt or equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### **- Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### **(II) Subsequent measurement**

##### **- Financial liabilities measured at amortised cost:**

Financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss.

##### **- Financial liabilities measured at fair value through profit and loss (FVTPL):**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind



AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

### **(III) Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### **(IV) Fair value measurement**

The Company measures financial instruments such as debts and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy explained above.

## **k Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

## **l Leases**

### **Company as a lessee**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.. The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing,

the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

#### **Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

#### **m Earnings per share**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the period. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except when the results are anti-dilutive.

### **3 Key accounting judgements and estimates**

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

#### **(i) Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

#### **(ii) Defined benefit obligation**

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with IND AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

**(iii) Allowance for uncollectible trade receivables**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

**(iv) Estimation of uncertainties relating to the global health pandemic from COVID- 19:**

The Company has considered the possible effects subsequent to pandemic COVID-19 on the carrying amounts of receivables, unbilled revenues and investments. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

**(v) Allowance for credit losses on receivables and unbilled revenue :**

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

**Judgements :**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 27 – lease; whether an arrangement contains a lease and:

Note 27 – lease classification

**4 Standards issued but not yet effective**

There is no additional standard issued as on date which is not yet effective.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 4(A) - Property, plant and equipment

Amount in Lakhs

Description of assets	Lease Hold Land	Building	Plant & Machinery *	Computers	Office equipment	Vehicles	Furniture and fixtures	Total
<b>I. Cost</b>								
Balance as at April 1, 2020	0.10	195.65	4,692.26	53.05	28.96	209.97	11.83	5,191.81
Additions	-	-	460.38	1.57	2.08	-	0.47	464.50
Disposals	-	-	-	-	-	3.45	-	3.45
Balance as at March 31, 2021	0.10	195.65	5,152.63	54.63	31.04	206.53	12.30	5,652.87
Additions	-	-	63.05	3.50	0.95	167.69	0.78	235.98
Disposals	-	-	-	-	-	33.27	-	33.27
Balance as at March 31, 2022	0.10	195.65	5,215.68	58.13	31.99	340.95	13.08	5,855.58
<b>II. Accumulated depreciation/impairment</b>								
Balance as at April 1, 2020	0.04	60.25	1,998.70	46.68	21.01	80.69	6.78	2,214.14
Depreciation for the year	0.00	4.45	260.68	2.45	2.03	23.53	0.59	293.73
<b>Written Back During the year</b>	-	-	-	-	-	2.66	-	2.66
Balance as at March 31, 2021	0.04	64.70	2,259.38	49.13	23.03	101.55	7.37	2,505.21
Depreciation for the year	0.00	4.45	277.17	3.06	2.34	24.34	0.63	311.98
Disposals	-	-	-	-	-	18.95	-	18.95
Balance as at March 31, 2022	0.04	69.15	2,536.55	52.19	25.37	106.94	7.99	2,798.25
<b>Net block (I-II)</b>								
Balance as at March 31, 2022	0.05	126.49	2,679.13	5.94	6.62	234.00	5.09	3,057.33
Balance as at March 31, 2021	0.05	130.94	2,893.25	5.50	8.01	104.97	4.93	3,147.66

\* Certain plant and machineries are hypothecated as primary security to the bank for loan against such machineries.

#### Note:

(a) Details of benami property held:

Title deeds of immovable properties not held in name of the company

(b) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee, and property mentioned below), to the financial statements, are held in the name of the company.

#### Note 4(B) - Intangible assets

Description of asset	Software
<b>I. Cost</b>	
<b>Balance as at April 1, 2020</b>	<b>3.21</b>
Additions	-
<b>Balance as at March 31, 2021</b>	<b>3.21</b>
Additions	14.36
Deletion	-
<b>Balance as at March 31, 2021</b>	<b>17.57</b>
<b>II. Accumulated impairment losses</b>	
<b>Balance as at April 01, 2020</b>	1.93
Amortization for the year	0.32
<b>Balance as at March 31, 2021</b>	<b>2.25</b>
Amortization for the year	1.62
<b>Balance as at March 31, 2022</b>	<b>3.87</b>
<b>Net block (I-II)</b>	
<b>Balance as at March 31, 2022</b>	<b>13.70</b>
<b>Balance as at March 31, 2021</b>	<b>0.96</b>

#### 4(C) - Capital work in progress (CWIP)

Particulars	Amount (in lakhs)
<b>Opening as at April 01, 2020</b>	-
Addition	
Capitalised during the year	
<b>Balance as at March 31, 2021</b>	
Addition	84.50
Capitalised during the year	-
<b>Balance as at March 31, 2022</b>	<b>84.50</b>

#### Capital work in progress (CWIP) Ageing Schedule#

As at March 31, 2022

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	84.50	-	-	-	84.50
Projects temporarily suspended	-	-	-	-	-
	<b>84.50</b>	-	-	-	<b>84.50</b>

As at March 31, 2021

Particulars	Amount in CWIP for a period of				
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
	-	-	-	-	-

#### 4(D) Intangible assets under development

Particulars	Amount (in lakhs)
<b>Opening as at April 01, 2020</b>	<b>8.89</b>
Addition	1.20
Capitalised during the year	-
<b>Balance as at March 31, 2021</b>	<b>10.09</b>
Addition	-
Capitalised during the year	-10.09
<b>Balance as at March 31, 2022</b>	<b>-</b>

#### Intangible Asset under Development (IAUD) Ageing Schedule#

As at March 31, 2022

Particulars	Amount in IAUD for a period of				
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2021

Particulars	Amount in IAUD for a period of				
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1.20	8.89	-	-	10.09
Projects temporarily suspended	-	-	-	-	-



**March 31, 2022**    **March 31, 2021**  
**(Amount in**            **(Amount in**  
**Lakhs)**                **Lakhs)**

**Note No. 5 : Other non current financial assets**

Margin money for B.G.	-	78.63
Fixed Deposits with original maturity of more than 12 months	-	-
Security Deposits	32.80	43.77
	<b>32.80</b>	<b>122.39</b>

**Note No. 6 : Other Non Current Assets**

Capital Advances (Klingelnberg)	133.28	-
	<b>133.28</b>	<b>-</b>

**Note No. 7 : Income Tax Assets**

Advance income tax & TDS Certificate	14.92	9.58
Income Tax refundable	9.78	-
	<b>24.69</b>	<b>9.58</b>

**Note No. 8 : Inventories**

(Lower of cost and net realisable value)

Raw Materials	238.99	129.06
Work in progress	619.26	285.90
Finished goods	251.93	99.83
Stores & Spares	10.59	8.51
Scrap	0.96	0.46
	<b>1,121.73</b>	<b>523.76</b>

**Note No. 9 : Other Financial Assets**

**(A) Trade Receivables**

Unsecured, considered good	926.24	753.57
Unsecured, considered doubtful	0.63	34.95
	926.87	788.52
Less: Provision for debts which are credit impaired	(0.63)	(34.95)
	<b>926.24</b>	<b>753.57</b>

### Notes for Receivables :

- 1) The average credit period is 30-90 days from the date of invoice. No interest is recovered on trade receivables for payments received after due date.
- 2) The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information alongwith changes in credit risk of specific parties/companies. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix.
- 3) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

### As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	827.07	78.05	15.06	6.06	-	926.24
Undisputed Trade Receivables – considered doubtful	-	-	-	0.63	-	0.63
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-
<b>Total</b>	<b>827.07</b>	<b>78.05</b>	<b>15.06</b>	<b>6.69</b>	<b>-</b>	<b>926.87</b>

### As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	661.30	90.11	2.16	-	-	753.57
Undisputed Trade Receivables – considered doubtful	-	-	13.78	21.17	-	34.95
Disputed Trade receivables - considered good	-	-	-	-	-	-
Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-
<b>Total</b>	<b>661.30</b>	<b>90.11</b>	<b>15.94</b>	<b>21.17</b>	<b>-</b>	<b>788.52</b>

Particulars	March 31, 2022 (Amount in Lakhs)	March 31, 2021 (Amount in Lakhs)
<b>(B) Cash &amp; Cash Equivalents</b>		
(a) Balances with Banks :		
In fixed deposits accounts with maturity within 3 months	-	0.55
In Current a/c	-	13.05
(b) Cash on Hand	9.92	6.91
	<b>9.92</b>	<b>20.51</b>

<b>(C) Bank balances other than cash and cash equivalents</b>		
Investment in Term deposit with original maturity of more than 3 months but less than 12 months of reporting date	337.14	-
	<b>337.14</b>	<b>-</b>

\*Held as Security against guarantee  
 \$ Deposits on lien with bank as security

#### Note No. 10 : Other Current Assets

Balance with Government Authorities		
- GST input credit	399.78	489.15
Staff Advances	19.92	1.38
Advance to supplier	283.63	312.24
Other advances	27.56	10.11
	<b>730.89</b>	<b>812.87</b>

Note : Advance to supplier of Rs 2.25 Cr (Previous year) given in the course of Business for supply of Raw Material. Management has received assurance from supplier for delivery of material during the current year which was delayed due to COVID-19 pandemic.

#### Note No. 11 : Equity share capital

	No. of Shares	Amount in Lakhs
<b>Authorised</b>	<b>80.00</b>	<b>800.00</b>
8,000,000 Equity Shares of Rs. 10/- each (Previous year 8,000,000 shares of Rs. 10/- each)		
<b>Issued, Subscribed and Paid-up</b>	<b>79.16</b>	<b>791.62</b>
(7,916,167 Equity Shares of Rs. 10/- each fully paidup)		
Share Capital		
Changes in equity share capital during the year		
<b>Balance as at March 31, 2021</b>	<b>79.16</b>	<b>791.62</b>
Changes in equity share capital during the year		
<b>Balance as at March 31, 2022</b>	<b>79.16</b>	<b>791.62</b>

Shareholder's Holding more than 5% shares	March 31, 2022	March 31, 2021
Name of the shareholder	No. of shares held	No. of shares held
Mr. K.R. Gajra	19.77	19.77
Mr. Narayan Shrivastava	4.49	4.49
<b>Total</b>	<b>24.26</b>	<b>24.26</b>

**(d) Terms/ Right attached to Shares**

- (i) The equity shares of the Company, having par value of Rs. 10 each, rank pari passu in all respects including voting rights and entitlement to dividend.
- (ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**As at March 31, 2022**

Promoter Name	No. of shares at the beginning of the year (in Lakhs)	Change during the year	No. of shares at the end of the year (in Lakhs)	% of Total Shares	% change during the year
<b>Indian- Individuals (Resident Individuals/ Hindu undivided Family)</b>					
Kennedy Ram Gajra	19.77	-	19.77	24.97	-
Bela Gajra	0.43	-	0.43	0.54	-
Indira R Gajra	0.08	-	0.08	0.10	-
Ram Gajra	0.01	-	0.01	0.01	-
Prem Gajra	0.00	-	0.00	-	-
J S Gajra	0.01	-	0.01	0.01	-
Savitri Gajra	0.94	-	0.94	1.19	-
Vinita Jairam Gajra	1.41	-	1.41	1.78	-
Anita Ravichandran	1.57	-	1.57	1.98	-
Swaranjeet Singh Nagpaul	0.02	-	0.02	0.03	-
<b>Foreign - Individuals (Non Resident Individuals/ Foreign Individuals)</b>					
Suresh R Gajra	0.08	-	0.08	0.11	-
<b>Total</b>	<b>24.31</b>	<b>-</b>	<b>24.31</b>	<b>30.72</b>	<b>-</b>

As at March 31, 2022

Promoter Name	No. of shares at the beginning of the year (in Lakhs)	Change during the year	No. of shares at the end of the year (in Lakhs)	% of Total Shares	% change during the year
<b>Indian- Individuals (Resident Individuals/ Hindu undivided Family)</b>					
Kennedy Ram Gajra	19.77	-	19.77	24.97	-
Bela Gajra	0.43	-	0.43	0.54	-
Indira R Gajra	0.08	-	0.08	0.10	-
Ram Gajra	0.01	-	0.01	0.01	-
Prem Gajra	0.00	-	0.00	-	-
J S Gajra	0.01	-	0.01	0.01	-
Savitri Gajra	0.94	-	0.94	1.19	-
Vinita Jairam Gajra	1.41	-	1.41	1.78	-
Anita Ravichandran	1.57	-	1.57	1.98	-
Swaranjeet Singh Nagpaul	0.02	-	0.02	0.03	-
<b>Foreign - Individuals (NonResident Individuals/ Foreign Individuals)</b>					
Suresh R Gajra	0.08	-	0.08	0.11	-
<b>Total</b>	<b>24.31</b>	<b>-</b>	<b>24.31</b>	<b>30.72</b>	<b>-</b>

#### Note 12 - Other Equity

Particulars	Amount in Lakhs	
	As at March 31, 2022	As at March 31, 2021
<b>Reserve and surplus</b>		
(a) Security premium reserve	106.50	106.50
(b) Retained earnings	1,229.67	918.94
(c) Other Comprehensive Income	-88.59	-88.59
<b>Total</b>	<b>1,247.58</b>	<b>936.85</b>

#### Description of nature and purpose of each reserve

##### (a) Security premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

## (b) Retained earnings

Retained earnings are created from the profit / loss of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

	March 31, 2022 (Amount in Lakhs)	March 31, 2021 (Amount in Lakhs)
<b>Note No. 13 : Non Current Borrowings</b>		
Secured Borrowings :		
Vehicle Loan ( BMW)	21.11	21.31
Term Loan from Bank - II	-	8.06
Term Loan from Bank - III -50	127.60	252.78
Term Loan from Bank - IV - 44	93.75	243.75
Term Loan from Bank - V - 45	171.61	-
Term Loan from Bank - VI - 184	179.00	-
Vehicle Loan ( UBI) - 4655	80.96	-
Unsecured Borrowings from Others:		
Loan from Directors	531.19	708.29
	<b>1,205.22</b>	<b>1,234.18</b>

## Notes :

### Term loan :

- Term loan is secured by way of hypothecation of specific plant & machinery, extension of charge over fixed assets and guarantee of promoter directors.
- Term Loan III-50- Rate of interest - 7.5%**  
Repayable in 32 Monthly installment of Rs 10.88 lacs each during April 2022 to Mar 2024
- Term Loan IV-44 Rate of interest - 9.75%**  
Repayable in 4 quarterly installment of Rs 30 lacs each during 2022-2023  
Repayable in 3 quarterly installment of Rs 30 lacs each during 2023-24  
Repayable in 1 quarterly installment of Rs 3.75 lacs each during 2024-25
- Term Loan V-45 Rate of interest - 10.8%**  
Repayable in 2 quarterly installment of Rs 5 lacs each during 2022-2023  
Repayable in 4 quarterly installment of Rs 5 lacs each during 2023-24  
Repayable in 4 quarterly installment of Rs 40 lacs each during 2024-25  
Repayable in 4 quarterly installment of Rs 40 lacs each during 2025-26

**4. Term Loan VI-184 Rate of interest - 7.50%**

Payable in 36 equal installment of Rs 4.97 lacs

Repayable in 3 monthly installment of Rs 4.97 lacs each during 2024-2025

Repayable in 12 monthly installment of Rs 4.97 lacs each during 2025-2026

Repayable in 12 monthly installment of Rs 4.97 lacs each during 2026-2027

Repayable in 9 monthly installment of Rs 4.97 lacs each during 2027-2028

**5. Vehicle Loan - 4655 Rate of interest - 6.90%**

Repayable in montly installment each during 2022-2023 of Rs 1744638

Repayable in montly installment each during 2023-2024 of Rs 1868899

Repayable in montly installment each during 2024-2025 of Rs 2002011

Repayable in montly installment each during 2025-2026 of Rs 2144603

Repayable in montly installment each during 2026-2027 of Rs 2080116

Vehicle loan (BMW)

1. Secured against the vehicle funded

Unsecured loan:

Loan from directors are interest free and repayable on demand

**Note No. 14 : Financial Liabilities**

	March 31, 2022 (Amount in Lakhs)	March 31, 2021 (Amount in Lakhs)
<b>(A) Secured Borrowings :</b>		
Working Capital	1,658.82	1,071.97
Overdraft	48.87	-
<b>Short Term Debts</b>		
Current Maturities of long term debts	268.29	345.18
	<b>1,975.99</b>	<b>1,417.15</b>

**Note:**

- Working capital is secured by way of hypothecation of inventory, book debts and collateral security of fixed assets besides personal guarantee of promoter directors.
- Overdraft is secured against fixed deposit with bank.

**(B) Trade payables**

Total outstanding due of micro and small enterprises	-	-
Total outstanding due of creditors other than micro and small enterprises	838.53	377.81
	<b>838.53</b>	<b>377.81</b>



## Trade payables Ageing Schedule

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	838.53	-	-	-	838.53
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>838.53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>838.53</b>

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	377.81	-	-	-	377.81
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
<b>Total</b>	<b>377.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>377.81</b>

### (C) Other Financial Liabilities

Salary payable

66.66	54.49
<b>66.66</b>	<b>54.49</b>

	March 31, 2022 (Amount in Lakhs)	March 31, 2021 (Amount in Lakhs)
<b>Note No. 15 : Current Tax Liabilities (Net)</b>		
Provision for income tax	-	-
Less : Advance tax	-	-
Net provision for income tax	-	-
	-	-
<b>Note No. 16 : Other Current Liabilities</b>		
Statutory Liabilities	7.80	7.94
Advance from customers	43.37	10.46
	<b>51.17</b>	<b>18.40</b>
<b>Note No. 17 : Revenue from operations</b>		
Sales of Mfg. Goods	5,328.44	3,214.06
Less: GST	758.67	391.83
	<b>4,569.78</b>	<b>2,822.23</b>
Job Work	181.06	184.00
	<b>4,750.84</b>	<b>3,006.23</b>
<b>Note No. 18 : Other Income</b>		
Interest	11.00	21.11
Scrap Sales	6.59	3.58
Profit on Sale of Assets	-	-
Miscellaneous income	2.62	4.34
	<b>20.20</b>	<b>29.03</b>
<b>Note No. 19 : Raw material consumed</b>		
Opening Stock	129.06	143.62
Add : Purchases	2,840.78	1,117.82
Add : Job work conversion Charges	180.71	-
	<b>3,150.55</b>	<b>1,261.43</b>
Less : Closing Stock	238.99	129.06
	<b>2,911.56</b>	<b>1,132.37</b>

	March 31, 2022 (Amount in Lakhs)	March 31, 2021 (Amount in Lakhs)
<b>Note No. 20 : Changes in inventories</b>		
<b>Opening Stock :</b>		
Finished Goods	99.83	346.96
Work In Progress	285.90	392.32
Scrap	0.46	0.56
	<b>386.19</b>	<b>739.83</b>
<b>Closing Stock :</b>		
Finished Goods	251.93	99.83
Work In Progress	619.26	285.90
Scrap	0.96	0.46
	<b>872.15</b>	<b>386.19</b>
(Increase)/ Decrease in stock	<b>(485.96)</b>	<b>353.64</b>
<b>Note No. 21 : Employee benefits expenses</b>		
Salary and wages	555.30	436.64
Contribution to Welfare funds	59.72	46.85
Staff & Labour welfare & Hospitality	11.89	8.92
Directors' remuneration	78.00	78.00
	<b>704.92</b>	<b>570.41</b>
<b>Note No. 22 : Finance Cost</b>		
<b>Interest :</b>		
Working capital	161.95	140.54
Term loan	69.48	59.10
Others	2.62	5.13
	<b>234.05</b>	<b>204.77</b>
<b>Note No. 23 : Other Expenses</b>		
<b>(a) Manufacturing Exp.</b>		
Consumption of stores, spares & tools	340.99	208.28
Power & Fuel	279.47	238.04
Repair to Plant & Machinery	21.00	46.67
Job Charges	38.67	31.04
Freight, Cartage etc.	48.51	13.25
Insurance charges	33.98	10.31
Repair to Building	6.03	8.02
Diesel	3.22	2.08
Inspection Charges	0.26	0.34

	March 31, 2022 (Amount in Lakhs)	March 31, 2021 (Amount in Lakhs)
Testing Charges	6.80	3.71
<b>(b) Office &amp; Administrative exp.</b>		
Printing & Stationery	6.47	2.32
Postage & Courier Charges	0.80	0.67
Telephone	1.26	1.96
Rent	-	0.17
Vehicle Repairs & Maintenance	12.87	10.53
Conveyance	11.10	2.91
Legal & Professional Charges	38.35	37.23
Licence & Registration fee	8.61	10.45
Electricity & Water charges	2.35	3.75
General repairs	2.40	0.71
Membership & Subscription	10.44	4.44
Office Expenses	4.35	3.23
BSE Re-Instatement Fees	-	30.00
Foreign Exchange Loss	1.70	0.50
Donation	-	2.00
DGFT Composition Fees	5.91	-
Listing Fee	3.54	3.54
Rates & Taxes	0.57	0.56
Directors' Travelling & Other Expenses	24.85	5.04
Directors' Sitting Fee	1.50	1.50
Auditors' Remuneration*	5.39	3.25
<b>(c) Selling &amp; Distribution expenses</b>		
Packing, forwarding & freight	101.10	53.65
Discount	0.54	2.65
Rebate	-	-
Liquidated damages	-	-
Statutory Advertisements	0.73	0.70
Sales Promotion	13.22	7.90
Travelling Exp.	3.85	4.32
Other Selling exp.	0.85	1.51
	<b>1,041.69</b>	<b>757.21</b>

\*Audit Fee - 4,00,000

Tax Audit Fees - 1,00,000

Out of pocket expenses - 39,312 | (Previous year Nil)

**Note No. 24 : Deferred Tax**
**Deferred Tax Liability On account of timing difference**

Particulars	As at March 31, 2021	Recognised in P&L	As at March 31, 2022
<b>Deferred Tax Liability</b>			
On account of timing difference			
A. Depreciation	384.29	-6.34	377.95
<b>Total</b>	<b>384.29</b>	<b>(6.34)</b>	<b>377.95</b>
<b>Deferred Tax Assets</b>			
<b>On account of timing difference</b>			
A. Unabsorbed Losses	80.61	-	80.61
B. U/S 43B dis-allowance	3.89	-	3.89
C. Lease	0.75	0.02	0.78
<b>Total</b>	<b>85.25</b>	<b>0.02</b>	<b>85.28</b>
Net	299.04	(6.37)	292.67

**Note 25 - Additional information to the financial statements**
**Amount in lakhs**

	Particulars	As at March 31, 2022	As at March 31, 2021
(a)	<b>Contingent Liabilities</b>		
	Bank Guarantee	255.34	307.25

**Amount in lakhs**

	Particulars	As at March 31, 2021	As at March 31, 2020
(a)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(b)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(c)	The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to supplier beyond the appointed day during each accounting year	-	-
(d)	The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);	-	-
(e)	The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006.	-	-

## Note 27 - Leases

The Company's significant leasing arrangements are in respect of office premises taken on leave and licence basis.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- The effect of depreciation and interest related to Right Of Use Asset and Lease Liability are reflected in the Statement of Profit and Loss under the heading "Depreciation and Amortisation Expense" and "Finance costs" respectively
- The weighted average incremental borrowing rate applied to lease liabilities is 9.75%

The changes in the carrying value of ROU assets for the year ended March 31, 2022 are as follows:

Particulars	Category of ROU asset-Building	Total amount
<b>Balance as at April 01, 2020</b>	<b>75.74</b>	<b>75.74</b>
Addition	-	-
Deletion	(33.14)	(33.14)
Depreciation	(14.20)	(14.20)
<b>Balance as at March 31, 2021</b>	<b>28.40</b>	<b>28.40</b>
Addition	-	-
Deletion	-	-
Depreciation	(9.47)	(9.47)
<b>Balance as at March 31, 2022</b>	<b>18.94</b>	<b>18.94</b>

The break-up of current and non-current lease liabilities as at March 31, 2022 is as follows

Particulars	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	10.34	9.38
Non-current lease liabilities	11.39	21.73
<b>Total</b>	<b>21.73</b>	<b>31.10</b>

The movement in lease liabilities during the year ended March 31, 2021 is as follows:

Particulars		Total amount (in Lakhs)
<b>Balance as at April 01, 2020</b>		<b>79.23</b>
Addition		-
Deletion		(35.26)
Finance cost accrued		5.13
Payment of lease liabilities		(18.00)

Particulars		Total amount (in Lakhs)
Balance as at March 31, 2021		31.10
Addition		-
Deletion		-
Finance cost accrued		2.62
Payment of lease liabilities		(12.00)
Balance as at March 31, 2022		21.73

The details of the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Not later than one year	12.00	12.00
Later than one year but not later than five years	12.00	24.00
More than five years	-	-

#### Note 28 - Earnings Per Share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit after tax for the year attributable to the equity shareholders	41.58	(245.68)
No of Equity Shares Outstanding at the end of the year	79.16	79.16
Weighted average number of equity shares (Nos.)	79.16	79.16
Face value per share (In Rs.)	10	10
Basic and diluted earnings per share (in Rs.)	0.53	(3.10)

#### Note 29 - Segment reporting

##### Business segments

The Company is primarily engaged in manufacturing of traction gears and pinions. Accordingly, there is no other separate reportable segment as defined by Ind AS 108 "Operating Segments".

##### Geographical segments

The Company provides all its products from India only and hence location of plant is considered to be in India only, thus the Statement of profit and loss and Balance sheet depicts the picture of segment results and the Segmental assets and liabilities.



## Note 30- Related party disclosures

### Details of related parties and their relationship

#### (a) Key management personnel (KMP)/Director

Mr. Kennedy Ram Gajra

Mr. Anmol Gajra

#### (b) Relatives of Key Management Personnel

Mrs. B.K. Gajra (Wife of Mr. K.R. Gajra)

Mrs. I.R. Gajra (Mother of Mr. K.R. Gajra)

#### (c) Related Party Transaction

Sr. No.	Particulars	Key Management Personnel	Relatives of Key Management Personnel
1	Salary	78.00	-
2	Contribution to PF	9.36	-
3	Rent	-	12.00

## Note 31 - Financial instruments

#### (a) Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 13, 14A and 14C offset by cash and bank balances) and total equity of the Company.

Amount in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Debt *	2,705.83	2,651.33
Cash and bank balances	9.92	20.51
<b>Net debt (A)</b>	<b>2,695.90</b>	<b>2,630.82</b>
Total equity (B)	2,039.20	1,997.62
<b>Net debt to equity ratio (A/B)</b>	<b>1.32</b>	<b>1.32</b>

\*Debt is defined as long-term and short-term borrowings (excluding financial guarantee contracts) including current maturities of long term debt.

#### (b) Financial risk management objectives

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets includes trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

### (i) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations and arises principally from the Company's receivables, deposits given, loans given, and balances at bank.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables.

In case of trade receivables, the Company does not hold any collateral or other credit enhancements to cover its credit risks. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain.

Trade receivables are non-interest bearing and the average credit period is 30-90 days. At 31 March, 2022; the Company had 3 customers (31 March 2021: 3 customers) that owed the Company more than Rs. 1 crore each and accounted for approximately 65.26 % of all the receivables outstanding (31 March, 2021: 65.26 %).

The carrying amount of following financial assets represents the maximum credit exposure;

#### Amount in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables (Unsecured)		
Over six months	99.80	127.22
Less than six months	826.44	626.35
<b>Total</b>	<b>926.24</b>	<b>753.57</b>

Movement in allowance for credit loss during the year was as follows;

#### Amount in Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at beginning of the year	34.95	34.95
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	-34.31	-
<b>Balance at end of the year</b>	<b>0.63</b>	<b>34.95</b>

Trade receivable consists of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of the accounts receivable.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by credit-rating agencies.

The provision of Rs 34.31 lacs is utilized for written off various debtors. The amount which in opinion of the Director is not recoverable.

## (ii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### (1) Foreign currency risk

The Company undertakes transactions denominated in foreign currencies, consequently exposures to exchange rate fluctuations arise. The management has taken a position not to hedge this currency risk.

The carrying amounts of financial liability of the Company denominated in foreign currency other than its functional currency is as follows:

**Amount in Lakhs**

Particulars	Currency	As at March 31, 2022	As at March 31, 2021
Trade Receivables	EURO	94.11	-
Trade Receivables	USD	5.02	-

### (2) Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 10% increase and decrease in the Rupee against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the Rupee strengthens 10% against the relevant currency. For a 10% weakening of the Rupee against the relevant currency, there would be a comparable impact on the profit and the balance would be negative.

**Amount in Lakhs**

Particulars	Sensitivity analysis	Effect on Profit Before tax	
		As at March 31, 2022	As at March 31, 2021
EURO	+10%	9.41	-
EURO	-10%	-9.41	-
USD	+10%	0.50	-
USD	-10%	-0.50	-

## (2) Interest rate risk

The borrowings of the Company are at fixed interest rates, consequently the Company is not exposed to interest rate risk.

## (iii) Liquidity Risk

### (1) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The Company's principal source of liquidity are cash and cash equivalents and the cash flow generated from operations. The Company manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Trade and other payables are non-interest bearing and the average credit term is 30-90 days.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments;

**Amount in Lakhs**

	Due in 1st year	Due in 2nd to 5th year	Due in 2nd to 5th year	Due after 5 years	Total contracted cash flows	Carrying value
<b>As at March 31, 2022</b>						
Trade payables and other financial liabilities	905.19	-	-	-	905.19	905.19
Lease liability	10.34	11.39	-	-	21.73	21.73
Borrowings	2,042.65	1,205.22	-	-	3,247.87	3,247.87
<b>Total</b>	<b>2,958.18</b>	<b>1,216.61</b>	<b>-</b>	<b>-</b>	<b>4,174.78</b>	<b>4,174.78</b>
<b>As at March 31, 2021</b>						
Trade payables and other financial liabilities	432.31	-	-	-	432.31	432.31
Lease liability	9.38	21.73	-	-	31.10	31.10
Borrowings	1,471.64	1,234.18	-	-	2,705.83	2,705.83
<b>Total</b>	<b>1,913.33</b>	<b>1,255.91</b>	<b>-</b>	<b>-</b>	<b>3,169.24</b>	<b>3,169.24</b>

The amount of financial guarantees included in contingent liabilities are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if the amount is claimed by the counterparty to the guarantee.

## Note 31 - Financial instruments

### (c) Categories of financial instruments and fair value thereof

	As at March 31, 2022		As at March 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>A Financial assets</b>				
<b>i) Measured at fair value</b>				
Investment	-	-	-	-
<b>ii) Measured at amortised cost</b>				
Trade Receivables	926.24	926.24	753.57	753.57
Cash and cash equivalents	9.92	9.92	20.51	20.51
Bank balances other than above	337.14	337.14	-	-
Other financial assets	32.80	32.80	122.39	122.39
<b>Total</b>	<b>1,306.10</b>	<b>1,306.10</b>	<b>896.48</b>	<b>896.48</b>
<b>B Financial liabilities</b>				
<b>i) Measured at amortised cost</b>				
Borrowings	2,705.83	2,705.83	2,705.83	2,705.83
Lease liability	21.73	21.73	31.10	31.10
Trade payables	838.53	838.53	377.81	377.81
Other financial liability	66.66	66.66	54.49	54.49
<b>Total</b>	<b>3,632.74</b>	<b>3,632.74</b>	<b>3,169.24</b>	<b>3,169.24</b>

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### (d) Fair value measurement

All the financial assets and liabilities of the Company are measured at amortised cost.

#### Financial instruments measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

#### Fair value hierarchy:

Assets are classified at amortised cost hence fair value hierarchy not disclosed

## Note 32 - Ratio Analysis and its elements

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	1.06	1.12	-6%	
Debt- Equity Ratio	Total Debt	Shareholder's Equity	1.56	1.33	18%	
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	0.62	0.10	537%	Due to loss in Previous Year
Return on Equity ratio	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	0.02	(0.12)	-118%	Due to loss in Previous Year
Inventory Turnover ratio	Cost of goods sold	Average Inventory	2.95	2.10	40%	Increase in Inventories as compared to Previous Year
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	5.66	2.91	95%	Primarily due to Increase in Revenue and subsequently improvement in Debtor collection post Covid-19
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	5.70	2.59	120%	Primarily due to Increase in Purchases and subsequently improvement in Creditor Payments post Covid-19
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	25.93	12.88	101%	Due to Increase in Revenue

Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.01	(0.08)	-111%	Due to loss in Previous Year
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.12	(0.04)	-414%	Due to loss in Previous Year

**Note 33** - Previous years' figure have been regrouped/ reclassified wherever required.

**Note 34** - The company is dealing with various company as per information available no company struck off by Registrar of Companies

**For Mukesh & Associates**  
**Chartered Accountants**  
**FRN - 106599W**

On behalf of the Board

Sd/-  
**(CA. Mukesh Shah)**  
**Proprietor**  
**M.NO. - 35005**  
**UDIN - 22035005AJBCGI1619**

Sd/-  
**KENNEDY RAM GAJRA**  
**MANAGING DIRECTOR**  
**DIN: 02092206**

Sd/-  
**ANMOL GAJRA**  
**EXECUTIVE DIRECTOR**  
**DIN: 07835836**

**Place: Dewas**  
**Date: 16.05.2022**

Sd/-  
**NARAYAN SHRIVAS**  
**CFO**

Sd/-  
**LATA NARANG**  
**CS**



## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



If undelivered, please return to:



**G. G. AUTOMOTIVE GEARS LIMITED**

CIN: L29130MP1974PLC035049

2-A, I.S. Gajra Industrial Area-1, A. B. Road, Dewas - 455 001. (MP)

Tel No.: 91-7272-405310, 404802 • Fax: 91-7272-404802

Web site: - [www.ggautomotive.com](http://www.ggautomotive.com) • Email ID: [ggautomotive@yahoo.com](mailto:ggautomotive@yahoo.com)