

DIRECTORS' REPORT

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

Your Directors have great pleasure in presenting 46TH ANNUAL REPORT along with the Audited Balance Sheet and Profit and Loss Account, for the year ended 31st March, 2020.

1. FINANCIAL RESULTS:

Particulars	(Rs. in INR)	
	Year ended	
	31.03.2020	31.03.2019
Earning before Interest, Depreciation and Tax	8,90,30,550	9,93,35,534
Less: Finance Cost	2,80,45,687	2,36,37,667
Less: Depreciation	3,12,95,067	2,87,62,800
Profit before tax	2,96,89,796	4,69,35,067
Less: Current Tax	50,05,512	90,00,000
Earlier year Tax	25,05,135	--
Deferred Tax	48,70,308	19,79,642
Profit after tax for the year	1,73,08,841	3,59,55,426

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

During the year, your Company has reported a total turnover of Rs. 56,10,04,023/- (Rupees fifty six crore, ten Lacs, four thousand and twenty three only). And the total expenditure incurred by the Company during the year under review amounted to Rs. 53,51,38,548/- (Rupees fifty three crore, fifty one lacs, thirty eight thousand five hundred and forty eight only). Profit after tax for the year amounted to Rs. 1,73,08,841/- (One crore seventy three lacs eight thousand eight hundred and forty one only).

At the end of the current year, considerable amount of material remained in inventory due to world wide pandemic situation which resulted in lower revenue and profit for the year.

Your Directors constantly putting there 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, Industrial Gear Boxes etc. There has been no change in the business of the company during the financial year ended 31st March, 2020.

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. WEBLINK OF ANNUAL RETURN

The company is having website i.e. <https://ggautomotive.com/> and annual return of the company has been published on such website. Link of the same is given below:
<https://ggautomotive.com/annual-reports>

6. TRANSFER TO RESERVES:

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

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

There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the year to which the financial year to which the financial statements relate and the date of this report.

8. DIVIDEND:

Your directors do not recommend dividend for the financial year ended 31st March, 2020 with a view to conserve the resources for purchase of latest technology and equipments to make the shop floor world class.

9. CASH FLOW STATEMENTS:

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

10. CONSOLIDATED FINANCIAL STATEMENT:

The Company does not have any subsidiaries as on 31st March, 2020 and hence not required to publish Consolidated Financial Statements.

11. 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).

12. NUMBER OF BOARD MEETINGS AND ITS COMMITTEES:

During the year under review, 5 (Five) Board Meetings were held.

13. COMMITTEES OF THE BOARD

The Company's Board has the following committees:

1. Audit, Risk and Compliance Committee
2. Nomination and Remuneration Committee
3. Shareholders/Investors Grievance Committee (Stakeholders' Relationship Committee)

The said committee consists of 3 (Three) Members out of which 2 (Two) members are Independent and 1 (one) is Promoter Director.

14. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND VIGIL MECHANISM

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
3.	Shailendra Ajmera	Member & Managing Director

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

15. 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.

16. 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.

17. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Shri Kennedy Ram Gajra, Managing Director & CEO, Mr. Anmol Gajra, Wholetime Director, Shri Narayan Shrivastava, CFO and Ms. Divya Desai 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).

During the Year Mrs. Ruchi Sogani(DIN: 02805170) Non Executive Woman Director of the company has been reappointed as Non-Executive Independent Director for another term of five consecutive years with effect from 1st April, 2020 to 31st March, 2025.

During the year Mr. Shailendra Ajmera (DIN: 02138042) and Mr. Pravin Kumar Shishodiya(DIN: 03011429) has been reappointed in the 45th Annual General Meeting held in the year 2019 as a Non Executive Independent Director of the company for a second term of 5 consecutive years commencing from April 01, 2019 to March 31, 2024.

Mr. Kennedy Ram Gajra(DIN 02092206) has been reappointed as Managing Director of the company for a period of three years commencing from July 01, 2018 to June 30, 2021 whose ratification of appointment is done by the members in the 45th AGM held in the year 2019.

During the year there is no change in the Composition of Key Managerial Personnel of the Company except resignation of Ms. Shreya Thombre as a Company Secretary w.e.f. 25th October, 2020 and appointment of Ms. Divya Desai as a Company Secretary cum Compliance Officer w.e.f. 20th January, 2020.

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 Managing Director & CEO of your Company does not receive remuneration from any of the subsidiaries of your Company.

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 V** to this report.

18. LISTING OF SHARES:

The Equity Shares of the Company are listed on the BSE Limited, Mumbai. However, the trading of Shares continues to remain under suspension by BSE. Your company is regularly compliant with all the listing regulations and waiting for revocation of suspension. Also company has paid the listing fees to the Stock Exchange i.e. Bombay Stock Exchange.

19. EXTRACT OF ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure II** and is attached to this Report.

20. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors hereby confirms:

- i) That in the preparation of the annual accounts, the applicable accounting standard had 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.

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 may be 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. www.ggautomotive.com

Review:

The familiarisation process shall be reviewed at regular intervals to analyse if there is a need to amend the 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. STATUTOY AUDITORS:

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

26. SECRETARIAL AUDITORS

The Company has appointed M/s. H.S. Associates, Company Secretaries, as Secretarial Auditors of the Company to carry out the Secretarial Audit for the Financial Year 2020-21 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 has appointed M/s. HS Associates, Practicing Company Secretary; to conduct the Secretarial Audit and their Report on Company's Secretarial Audit is appended to this Report as Annexure I.

Auditors observation:

1. As on year ended 31st March 2020, 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 demated as required pursuant to Regulation 31(2) of LODR.
2. During the year, there was transaction of transfer of shares among Promoters, however the Disclosure pursuant to Regulation 29(2) of SEBI (Substantial Acquisition of Shares And Takeovers) Regulations, 2011 were submitted with delay.

Directors comment:

1. Demat process of physical shares are in process.
2. The disclosure got delayed inadvertently.

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. COMMENTS ON AUDITOR'S REPORT:

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Mukesh & Associates, Statutory Auditors, in their report. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

30. 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.

31. 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 IV**.

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.

32. 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 III** and forms part of this report.

33. CREDIT RATING

The company has been rated by Infomerics 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 'IVR BBB-' for bank facility and SME Rating- 'IVR SME 2'.

34. 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 VI** to this report.

35. 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 Joint Venture or Associate companies the company is not required to give information in AOC-1 as required under Companies Act, 2013.

36. INTERNAL AUDITORS:

As per section 138 of the Companies Act, 2013, the Company has appointed M/s S.N. Gadiya & Co., internal auditors for the year to 2020-21 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.

37. DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT /UNCLAIMED SUSPENSE ACCOUNT.

As per Schedule V Part F of Listing obligation and disclosure requirements, Company does not require to open DEMAT suspense account or unclaimed suspense account as Company has not declared any dividend for past 7 years.

38. 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.

39. 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.

40. 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.

41. 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.

42. 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.

43. 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.

44. 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.

45. 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 2019-2020.

46. DISCLOSURE UNDER SEXUAL HARASSMENT ACT:

The company has complied with the provision of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 20132013 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.

47. 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.

48. 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

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

Place : Dewas, Madhya Pradesh.
Date : 16th June, 2020