

ANNEXURE - VI

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 56.10 Crores, 2.48% 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. 296.90 lacs against Rs. 469.35 lacs 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.

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 is in process to get 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	2019-20	2018-19	Change in %
Debtors Turnover Ratio	2.81	3.75	-25.03
Inventory Turnover Ratio	1.90	1.01	87.88
Interest coverage Ratio	2.73	3.74	-26.95
Current Ratio	1.03	1.15	-10.89
Debt Equity Ratio	0.28	0.49	-43.56
Operating Profit Margin Ratio (%)	4.61%	7.33%	-37.10
Net Profit Margin Ratio (%)	3.15%	6.57%	-52.08
Return on Net worth (%)	6.54%	12.90%	-49.34

Debtors Turnover Ratio: Change is due to better realisation from customers.

Inventory Turnover Ratio: Change is because of COVID-19 wherein year end sale remained in stock.

Interest Coverage Ratio: It has gone down due to lower profit because of pandemic situation.

Current Ratio: The change is because of higher inventory, increased creditors and lower profit.

Debt Equity Ratio: Change is due to repayment

Return on Networth: It is due to lower profit

For and on behalf of the 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