

Board of Directors

Mr. Surendra Singh	: Chairman & Managing Director
Mr. Ranveer Singh	: Director
Mr. P.S.Raghuvanshi	: Director
Mr. D.P.Soni	: Director

Auditors

O.T.Gandhi & Co.
Chartered Accountants
Basket Ball Complex
Race Course Road
Indore (M.P.) 452003

Registrar and Transfer Agent

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (W)
Mumbai 400078

Bankers

State Bank of India

Registered Office and Plant

Industrial Area, A.B. Road
Dewas (M.P.) 455001
Phone: 07272 258493, 258494
Fax: 07272 258001

Corporate Office

3/1, Race Course Road,
Indore 452003
Phone: 0731 2434327, 2433011
Fax: 0731 2432909

GAJRA BEVEL GEARS LTD.

Regd Off: Industrial Area, Agra Bombay Road, Dewas, (M.P.) 455001

NOTICE is hereby given that the Annual General Meeting of the Members of the **GAJRA BEVEL GEARS LTD.** will be held at the registered office of the Company at **Industrial Area, A.B. Road, Dewas, (M.P.) 455001**, on Friday the 31st Day of December, 2010 at 11.30 A.M. to transact the following businesses:

I. ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September 2010 and the Audited Profit and Loss Account and the Cash Flow Statement for the year ended 30th September 2010 and reports of the Directors and Auditors.
2. To appoint a director in place of Shri Parmal Singh Raghuwanshi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s O. T. Gandhi & Co. as the auditors of the company until the conclusion of next Annual General Meeting and authorize the Board to fix their remuneration.

BY ORDERS OF THE BOARD

Sd/-

Place: Indore

Dated: 3rd December 2010

SURENDRA SINGH

CHAIRMAN & MANAGING DIRECTOR

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Register of Members and Share Transfer Book was closed from 30th December 2010 to 31st December 2010 (both days inclusive) in order to comply with the requirement of listing agreement.
3. Members are requested to notify immediately any change of address;
 - a. to their Depository Participants (DPs) in respect of their electronic share accounts; and
 - b. to the Share Transfer Agents in respect of their physical share folios, if any.In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
4. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
 - a) the change in the residential status on return to India for permanent settlement.
 - b) the particulars of NRE Account with a Bank in India, if not furnished earlier.
5. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
6. Members who are holding shares in identical order of names in more than one folio are requested to send to the Share Transfer Agent of the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
7. Members desirous of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.

8. The equity shares of the Company may be held in the Electronic form with any Depository Participant (DP) with whom the members/investors having their Demat account. The ISIN No. for the Equity Shares of the Company is INE282D01010. In case of any query/difficulty in any matter relating thereto may be addressed to the Share Transfer Agents Link In-time India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai 400078.
9. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B as prescribed by the Central Government may be obtained from the Share Transfer Agent or may be down load from the website of the Ministry of Corporate Affairs.
10. Pursuant to the recommendation of SEBI Committee on Corporate Governance for re-appointment of the retiring directors, a statement containing details of the concerned directors is attached hereto.

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR RE-APPOINTMENT

Shri P.S. Raghuwanshi

Shri P.S. Raghuwanshi B.E. (Electronics) Aged about 60 years is having wide experience in the field of industrial management. He is also the director of Garha Gears Ltd. and Garha Utilbrocce Tools Ltd. He is not having any shareholding in the Company. Looking into the immense contribution towards the management of the Company Shri P.S. Raghuwanshi is proposed for re-appointment as an Independent Director, liable to retire by rotation.



DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

To

The Members,

Your Directors presents their 35th Annual Report on the business and operation of the company together with the Audited Balance Sheet & Profit and Loss Accounts for the year ended 30th Sept 2010.

FINANCIAL RESULTS:

(Amount in Rs.)

Particulars	As on 30.09.2010	As on 30.09.2009
Sales and income from operation	0	0
Other Income	54000	49680
Total Income	54000	49680
Total Expenses	2489443	2019215
Operating Profit/(loss)(PBITD)	(2435443)	(1969535)
Interest	3748483	3176681
Depreciation	958498	958498
Profit/(Loss) before tax	(7142424)	(6104714)
Provisions for Taxes:	0	0
Net Profit/(Loss) after Interest, Depreciation & Tax	(7142424)	(6104714)
Accumulated Losses carried to Balance Sheet	(388070212)	(380927788)
Reserves	21684362	21684362
Earning per share- Basic	(0.76)	(0.64)
Diluted	(0.76)	(0.64)

DIVIDEND:

Looking into the huge losses incurred by the company during the year under review and accumulated losses of the previous financial years, it is not possible for the Board to recommend any dividend for the year under review.

OVERALL REVIEW AND FUTURE PROSPECTS:

There was no manufacturing/business activity during the year ended on 30.09.2010. The management of the company has to face the recovery proceedings of initiated by statutory bodies/authorities, Banks and financial institutions and has to put their efforts to protect the interest and assets of the Company at the various courts, tribunal and forums in the matter of various cases registered against the Company. In spite of that there were several workers and staff agitations, non availability of the working capital required to carry on business activities, it was not possible at all for the management to restart the manufacturing and business activities.

The company has made efforts to reduce its all the administrative and other expenses to avoid further losses, even though it has to suffer losses of Rs.71.42 Lacs during the year 2009-2010 (Previous year losses Rs.61.04 Lacs), resulting the accumulated losses has been increased to Rs.3880.70 Lacs as at 30th Sept., 2010. The members are aware that the Company's entire net worth has already been eroded and the Company is continuing having status of SICK Company.

The Board of directors of the company is continuing making their best efforts to explore the possibilities for arrangement of working capital to commence manufacturing activities at the plant and revive the Company. The Company is also in the process to negotiate the terms and conditions for financial arrangements as well as settle the over dues of the Banks and financial institutions.

FINANCIAL REVIEW AND STATUS OF SICKNESS UNDER BIFR:

Your directors report that the Company's reference to the BIFR on the based on the Financial Statements as at 30th Sept., 2008 a reference u/s 15(1) of SICA (SP) Act, 1985 has been filed by the Company with the BIFR and the same has been registered as Case no. 27/2009 on 13th July, 2009.

The BIFR vide its order of hearing held on 6th Jan., 2010 declared the company as a Sick Industrial Company in terms of section 3(1)(O) of SICA (SP) Act, 1985 and appointed IDBI is the Operating Agency.

Since there was no manufacturing/business activity, the management has taken a decision 'NO WORK NO PAY' and therefore no provision for employees remunerations were made in the books of accounts for the year ended 30.09.2010 as per previous year 2008-09.

In view of the settlement process/litigations pending before DRT, and other courts and forums no provision has been made for the interest on institutional/bank borrowings for the year under review as per previous year policy.

The Company has provided interest on 18% redeemable debentures for the year 2009-10, however, it could not pay the same to the debenture holders.

DIRECTORS:

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning.

In terms of Articles of Association of the Company Shri Parmal Singh Raghuwanshi, is liable to retire by rotation and being eligible and offers himself for re-appointment. Your directors propose to pass necessary resolutions as set out in the notice of the Annual General meeting.

AUDITORS AND THEIR REPORT:

M/s O.T. Gandhi & Co., Chartered Accountants, the Statutory Auditors retires at the close of this Annual General Meeting and is eligible for re-appointment. The Company has received information from the Auditors that their re-appointment, if made, will be in accordance with the provisions of section 224(1B) of the Companies Act, 1956. The Audit Committee of the Board has recommended their re-appointment. The necessary resolution is being placed before the shareholders for approval.

Since the shareholding of the Bank and financial institutions of the Central Government has been reduced below 25% of the paid up share capital as at the date of the directors report, the company proposes to appoint the Auditors by way of ordinary business.

Management clarification on the Comments of the Auditors in their report:

1. In the matter of Para No.6.(a) of the Auditors Report regarding Expenditure of revenue nature incurred on research and development and technical know how fees/expenses on exhibition of proto-type of products. We submit that as per policy of the company the R & D Expenditure of revenue nature incurred on research and development of products, which are expected to be technically/ commercially viable, is written off over a period of five years, starting with the year of commencement of commercial production. Expenditure of a capital nature is added to fixed assets and in the matter of Deferred Revenue Expenditure, technical know-how fees/ expenditure on exhibition of proto-type of a product under development, which is expected to be technically/commercially viable will be written off over a period of 5 years from the year of commencement of its commercial production.

Para No. 6.b) Regarding non-disclosure of the information relating to the Small Scale Industrial Undertaking, we submit that the Company does not possess information as to which of its suppliers are ancillary industrial undertakings/small scale industrial undertakings holding permanent registration certificate issued by the Directorate of Industries of a State or Union territory. Consequently, the liability, if any, of interest which would be payable under 'The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act-1992, cannot be ascertained. However, the Company has not received any claims in respect of interest. As stated above, the Company does not possess information as to which of suppliers are Small Scale Industrial Undertakings. Accordingly, the information regarding total outstanding dues to Small Scale Industrial Undertakings as at the year end and that regarding the names of Small Scale Industrial undertakings to whom the Company owes and outstanding for more than 30 days has not been compiled and hence not disclosed by the Company.

Para No. 6.c) current year losses along with accumulated losses has eroded entire net worth of the Company and has made the company financially sick. A reference u/s.15(1) of SIC(SP) Act.1985 before the BIFR has already been filed by the company and the same has been registered as case No. 27/2009 on 13th July, 2009. We submit that due to the financial sickness, there is no production/ business activity in the company after 31st Oct.2006. In view of no manufacturing/ business activity in the company through out the year ended on 30.09.2010 the management of the company is of the opinion "NO WORK NO PAY" and accordingly no provision has been made in the accounts in respect of Salaries, Wages, Allowances and benefits to the employees of the Company, which otherwise works out to as follows:

		2008-09	2009-10
(1)	Salaries and Wages	Rs. 79,22,551	79,22,551
(2)	Dearness Allowances	Rs. 1,34,14,928	1,34,14,928
(3)	Other Allowances	Rs. 54,63,326	54,63,326
(4)	Contribution to P.F.	Rs. 30,14,321	30,14,321
(5)	Contribution to ESIC	Rs. 15,50,381	15,50,381
	TOTAL	Rs. 3,13,65,507	3,13,65,507

Para No.6.d) Sundry debtors include old outstanding aggregating Rs.48,24,150/- in respect of which no provision has been made in the accounts. The management of the company is of the opinion that the amount is fully recoverable on completion of final settlement which is in progress. The company is confident of recovering the amounts.

DEPOSITS:

Your Company has not accepted any public deposit within the meaning of provisions of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 and there is no outstanding deposit due for re-payment.

DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section of 217(2AA) of the Companies Act, 1956, your directors state that:

- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the company as at the end of September 30, 2010 and the Loss of the company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- The annual accounts of the company have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

The corporate governance practices and the disclosures are need based, complied with the statutory and the regulatory requirements of the Companies Act, 1956, together with all the relevant Clauses of the Listing Agreement and all the others applicable laws. The Company's Corporate Governance policies and the practices are also in accordance with the amended Clause 49 of the listing agreement. A report on the Corporate Governance along with the Auditors Certificate forming part of the Director's report, being annexed herewith.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, PARTICULAR OF EMPLOYEES AND FOREIGN EXCHANGE:

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 are not applicable to the Company as it has no manufacturing activities and none of the employee were drawing the remuneration in excess the limit prescribed under the Rules.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A. Financial Arrangements:

The company is facing severe financial crunch, in view of the heavy financial losses suffered by the Company, it is facing liquidity crunch and the working of the company has been badly affected and the manufacturing operations were closed down due to non availability of the adequate working capital, moreover, seizure of the plant by the PF and other authorities is continuing. As the Company is a sick under the provisions of SICA, and the BIFR vide hearing held on 6th Jan., 2010 has appointed IDBI as the Operating Agency.

With the help of the Operating Agency, IDBI and under the directors of the BIFR as may be issued, the management of the company is hopeful for its revival with the help of rehabilitation scheme as may be considered appropriate by the IDBI and BIFR.

B. Industry structure and developments:

Your company was having status as a major player in heavy/medium/light commercial vehicle segment, tractor segment and utility vehicle segment. Since, it has closed down the production activities, its most of the existing marketing network has been totally disturbed and it has to take effective steps to further establish its products in the market when it would be able to resume the production activities.

C. Internal control systems and their adequacy:

The Company has adequate internal control system commensurate with its size and business. The internal control systems are supplemented by internal audits. The company has an internal audit system, covering on a continuous basis, the entire gamut of operations, business and functions. The reports of internal auditors are submitted to the audit committee, which further review the adequacy of the internal control system.

D. Risk and Concerns:

Your company was catering the needs of almost all sector of Industry. As the Company's plants is closed down due to non availability of working capital, seizure of the same by the various authorities and presently the Company is having target to come out with the situation with the help of the BIFR and operating agency IDBI. In the present scenario it is very difficult as well as risky for the management of the company to re-establish and compete with the existing players in the market. Moreover, in the changing design and technology in the automobile sectors, the company may need to modernize its plant with the huge investment. Further that apart from the normal risk, demand-supply conditions, raw material prices, changes in government regulations, tax regimes, economic developments within the country and globally may have direct or indirect impact on the operations of the Company.

E. Cautionary statement:

Statement made in the management discussion and analysis report as regards the expectations or predictions are forward looking statements within the meaning of applicable Laws and Regulations.

ACKNOWLEDGEMENTS:

Your directors would like to express their grateful appreciation for assistance and cooperation received from the BIFR and IDBI, Operating Agency appointed by the BIFR, and Members of the Company for their confidence and support to the management of the company in the adverse financial conditions and hope that with their continuing and active support, the Company may be revived and shall be able to perform in coming years.

For & On Behalf of the Board

Sd/-

**SURENDRA SINGH
CHAIRMAN & MANAGING DIRECTOR**

**Place: Indore
Dated: 3rd Dec., 2010**

REPORT ON CORPORATE GOVERNANCE

(Under Clause 49 of the Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Our corporate governance policies recognise the accountability of the Board and the importance of its decisions to all our constituents, including customers, investors and the regulatory authorities and to demonstrate that the shareholders are the cause of and ultimate beneficiaries of our economic activities. The functions of the Board and the Executive Management are well defined and are distinct from one another. We have taken a series of steps including the setting up of sub-committees of the Board to oversee the functions of Executive Management. These sub-committees of the Board, which mainly consists of Non-Executive Directors, meet regularly to discharge their objectives.

2. BOARD OF DIRECTORS AND THEIR MEETINGS:

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning. Shri Surendra Singh, The Managing Director is overall in charge for the affairs of the Company who exercise his powers and discharge his duties under the superintendence and control of the Board of directors from time to time.

During the financial year 2009-10 the Board of directors met **6 times on 31st October 2009; 2nd Dec., 2009; 30th January 2010; 10th April, 2010; 30th April 2010, and 30th July 2010.**

The composition of the Board of Directors and their attendance at the meetings during the year were as follows;

Name	Category	Designation	No. Of meetings Held During the financial Year	No. Of Meetings Attended	Attendance of director in the in last AGM	No. Of Chairman/ member of committee In other Co.
Shri Surendar Singh	Promoter/ ED	CMD	6	6	Yes	-
Shri P. S. Raghuvanshi	IND/NED	Director	6	3	Yes	-
Shri Ranveer Singh	IND/NED	Director	6	6	Yes	-
Shri D P Soni	IND/NED	Director	6	6	No	-

3. AVAILABILITY OF INFORMATION TO THE MEMBERS OF THE BOARD

The Board has unfettered and completes access to any information within the Company and from any of our employees. At meetings of the Board, it welcomes the presence of concerned employees who can provide additional insights into the items being discussed.

The information regularly supplied to the Board includes:

- Minutes of meetings of audit, committee of the Company along with Board minutes.
- General notices of interest.
- Materially important litigations show cause, demand, and prosecution and penalty notices.
- Materially relevant default in financial obligations by the Company.
- Non-compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

The Board also periodically reviews compliance reports of all laws applicable to the Company, prepared by the designated employees as well as steps taken to rectify instances of non-compliance.

4. CODE OF CONDUCT

The Board of directors of the Company has laid a code of conduct for directors and the senior management. All directors and designated personnel in the senior management have affirmed compliance with the code for the year under review.

5. AUDIT COMMITTEE:

As a measure of good Corporate Governance and to provide assistance to the Board of directors and to meet the requirement of section 292A of the Companies Act, 1956 and the Clause 49 of the Listing Agreement and in fulfilling the Board's overall responsibilities, an Audit Committee is functioning consisting of only independent directors. The Audit Committee inter-alia has the following mandate in terms of the Clause 49 of the Listing Agreement:

1. Oversight of company's financial reporting process and the disclosure of the financial information in the annual accounts.
2. to review and discuss with management, internal audit team and external auditors regarding any significant finding of material nature.
3. To consider and review the adequacy of management control system and internal audit function and frequency of internal audit process.
4. To review with Management the quarterly and annual financial statements before submission to the Board focusing primarily on any change in accounting policies and compliance with accounting standards, requirements of stock exchanges and other legal compliance.
5. To review Balance Sheet & Profit and Loss Accounts to be placed before the Board.
6. To consider and review the financial and risk management policy of the Company.
7. To consider and review the defaults, in payment to the creditors, Bank, financial institutions, debenture holders, PF authorities and other departments and reasons thereof.
8. To consider the directors responsibility statement to be given by the Board in the Directors Report.
9. To consider the matter relating to the recommendation for appointment of the external auditors and fixation of their audit fee and also approval for payment of any other services.

a) Composition of the Audit Committee:

The Audit Committee of the company comprises of the following independent directors:

Shri Ranveer Singh	: Chairman
Shri P S Raghuvanshi	: Member
Shri D.P.Soni	: Member

b) Meetings of the Audit Committee:

During the accounting year 2009-10 the Audit Committee meet 5 (Five) times on the **31st October, 2009, 2nd Dec., 2009; 30th January, 2010, 30th April, 2010, 30th July, 2010.**

The Committee considered and reviewed financial and risk management policy of the Company and defaults, if any in payment to the creditors, Bank, Financial Institutions interest to the Debenture holders and other statutory dues and reasons thereof.

6. SHAREHOLDERS GRIEVANCE COMMITTEE:

The shareholders Grievances Committee facilitate prompt and effective redressal of the complaints of the shareholders and reporting the same to the Board periodically. The Shareholders Grievance Committee of the company was constituted comprising of the following independent directors:

Shri Ranveer Singh	: Chairman
Shri P S Raghuvanshi	: Member
Shri D.P.Soni	: Member

Shri Ranveer Singh the Compliance officer is also functioning as the Secretary to the Committee.

As there no reference was given to the Committee no meeting of the committee was required to be held during the year 2009-10.

7. REMUNERATION COMMITTEE:

a) Composition of the Remuneration Committee:

Composition of the Remuneration Committee is as under:

Shri Ranveer Singh	: Chairman
Shri P S Raghuvanshi	: Member
Shri D.P.Soni	: Member

b) Meeting and recommendation of the remuneration committee during the year:

No meeting of the remuneration committee was held during the year 2009-10.

c) Payment of non-executive directors and composition of the Committee:

In view of the financial sickness the Company is not paying any remuneration to the managing director as well as sitting fees to non-executive directors for attending the various meetings.

8. WHISTLE BLOWER POLICY:

We have established a policy for all the employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct or ethics policy. The mechanism under the said policy also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. We further affirm that during the financial year 2009-10, no employee has been denied access to the audit committee.

9. VENUES AND TIME OF THE LAST THREE ANNUAL GENERAL MEETINGS:

Date of AGM	Date of Adjourned AGM	Venue	Time	No. of resolution Resolutions passed other than ordinary Business	No. of resolution Passed by Postal Ballot.
31.12.2009	N.A.	Registered Office at Industrial Area, A.B.Road, Dewas (M.P.)	11.30A.M	Two	Nil
31.12.2008	29.04.2009	Do	2.30 P.M	Three	Nil
31.03.2008	29.04.2009	Do	1.30 P.M.	Four	Nil

The Resolutions were passed by show of hands with requisite majority. The venue of the AGM of the company has been chosen for its central location, prominence and. capacity. Chairman of the Audit Committee and Remuneration Committee has also attended the Annual General Meetings.

10. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:

Full disclosure of related party transactions as per Accounting Standard-18 issued by the Institute of Chartered Accountants of India are given under Note No.15 of Notes on Annual Accounts.

There has not been any non-compliance by the company and no penalties or strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

10. DISCLOSURES:

There are no materially significant related party transactions i.e. transactions, material in nature, with its promoters, the directors or the management, or relatives, etc. having potential conflict with the interest of the company at large.

No penalties or strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority of the capital market on any matter related to capital markets, during the last three years.

11. MEANS OF COMMUNICATION:

The Unaudited/Audited Financial Results are published in Free press Journal (English) and in (Hindi), the vernacular newspaper.

12. GENERAL INFORMATION TO SHAREHOLDERS & INVESTORS**(i) Date, Time and Venue of Annual****General Meeting**

: 31st December, 2010
At **11.30 A.M.** at Regd. Off. at Industrial Area, Agra-Bombay Road, Dewas (M.P)

(ii) Dates of Book Closure

: From 30.12.2010 to 31.12.2010

(iii) Board meeting for consideration of Annual Accounts

: 3RD December, 2010