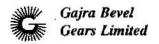


GAJRA BEVEL GEARS LIMITED

36th Annual Report 2010-2011





Board of Directors

Mr. Surendra Singh :

Chairman

Mr. Ranveer Singh :

Director Director

Mr. P.S.Raghuvanshi: Mr. D.P.Soni

Director

Auditors

O.T.Gandhi & Co.

Chartered Accountants

4th Floor, Surya Sadhna Building Malviya Nagar Square, A. B. Road,

Indore

Registrar and Transfer Agent Link Intime India Ltd.

C-13, Pannalai 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

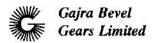
3/1, Race Course Road,

Indore 452003

Phone: 0731 2434327, 2433011

Fax: 0731 2432909





NOTICE TO THE SHAREHOLDERS

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 Saturday the 31st Day of December, 2011 at 11.30 A.M. to transact the following businesses:

ORDINARY BUSINESSES:

- To receive, consider and adopt the Audited Balance Sheet as at 30th September 2011 and the Audited Profit and Loss Account and the Cash Flow Statement for the year ended 30th September 2011 and reports of the Directors and Auditors.
- To appoint a director in place of Shri Ranveer Singh, who retires by rotation and being eligible, offers himself for reappointment.
- To appoint a director in place of Shri Surendra Singh, who retires by rotation and being eligible, offers himself for reappointment.
- 4. To re-appoint M/s O. T. Gandhi & Co. Chartered Accountants (Firm Registration No. 001120C) 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

Place : Indore

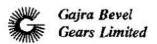
Dated : 2nd Dec. 2011

SURENDRA SINGH Chairman

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 COMMENCEMENT OF THE MEETING.
- The Company has already notified closure of Register of Members and Share Transfer Books from 30th Dec., 2011 to 31st Dec., 2011 (both days inclusive) for the determining the names of members eligible for dividend on equity shares, if declared at the meeting.
- 3. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend, the Company or its Registrar and Transfer Agent cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates, such changes are to be advised only to the depository participant of the members.
- Members are requested to notify immediately any change of address;
 - To their Depository Participants (DPs) in respect of their electronic share accounts; and
 - To the Company to its Share Transfer Agents in respect of their physical share folios, if any.
 - (a) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.





- (b) Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
 - Change in the residential status on return to India for permanent settlement.
 - The particulars of NRE Account with Bank in India, if not furnished earlier.
- 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 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 desires 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 Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/ investors having their depository 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 Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, LBS Marg, 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 prescribed by the Government can be obtained from the Share Transfer Agent or may be down load from the website of the Ministry of Company affairs.
- 10. Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, the Company is not having unpaid/unclaimed dividend upto the financial year 2010-11. Further that there is no instances which require to transfer of undelivered shares to the separate escrow account as required under the Listing Agreement.
- 11. The SEBI has mandated the submission of PAN by every participant in securities market, members holding shares in electronic form are therefore, requested to submit the PAN to their depository participant with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company's Share Transfer Agent, Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W) Mumbai 400078.
- Pursuant to the Clause No.49 of the Listing Agreement, profile of the Directors proposed for appointment/re-appointment being given in a statement containing details of the concerned Directors is attached hereto.



13. GREEN INITIATIVE: The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No.17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011, has allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory Statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, propose to send communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit. Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to please promptly provide their details (name, folio no., e-mail id) to the Registrar and Transfer Agent of the company. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories. The annual report and other communications/ documents electronically would also be displayed on the Company's website: As a Member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you. We request you to support this initiative and opt for the electronic mode of communication by submitting your e-mail address to your DP or to the Company's Registrar, in the interest of the environment.

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR RE-APPOINTMENT

Shri Ranveer Singh, the Director of the Company aged about 49 years is having wide exportence in the field of business and industry and he has contributed significantly towards the management of the company.

He is also the director of Garha Gears Ltd., Garha Utilbrocce Tools Ltd. and Garha Computers Pvt. Ltd. Looking into the immense contribution towards the management of the Company by Shri Ranveer Singh, is proposed for reappointment.

SHRI SURENDRA SINGH

Shri Surendra Singh, the Chairman cum Managing Director of the Company aged about 52 years is having wide experience in the field of business and industry and he has contributed significantly towards the management of the company. He is holding 2006805 equity shares consisting of 21.35% of the total paid-up capital of the Company. Looking into the immense contribution towards the management of the Company by Shri Surendra Singh, is proposed for reappointment.





DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

To The Members.

Gajra Bovel Gears Ltd.

Your Directors presents their 36th 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, 2011.

FINANCIAL RESULTS:	(Rupees in Rs.)		
Particulars	As on 30.09.2011	As on 30.09.2010	
Sales and income from operation	. 0	0	
Other Income	25200	54000	
Total Income	25200	54000	
Total Expenses	2909820	2489443	
Operating Profit/(loss)(PBIDT)	(2884620)	(2435443)	
Interest	4423212	3748483	
Depreciation	958498	958498	
Profit/(Loss)before tax	(8266330)	(7142424)	
Provisions for Taxes:	0	0	
Net Profit/(Loss) after Interest, Depreciation & Tax	(8266330)	(7142424)	
Accumulated Losses carried to Balance Sheet	(396338542)	(388070212)	
Reserves	21684362	21684362	
Earning per share- Basic	(0.88)	(0.76)	
Diluted	(0.88)	(0.76)	

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:

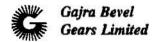
There was no manufacturing/business activity during the year ended on 30.09.2011. The management of the company has to face the recovery proceedings initiated by statutory bodies/authorities, Banks and financial institutions and has to put their efforts to protect the interest and assets of the Company 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.62.66 Lacs during the year 2010-2011 (Previous year losses Rs71.42 Lacs), resulting the accumulated losses has been increased to Rs.3963.36 Lacs as at 30th Sept., 2011. 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 a reference to the BIFR based on the Financial Statements as at 30th Sapt., 2008 a reference u/s 15(1) of SICA (SP) Act, 1985 has been filed by the Company 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 as 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 is made in the books of accounts for the year ended 30.09.2011 like wise previous year 2009-10.

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 2010-11, 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 Ranveer Singh and Shri Surendra Singh is liable to retire by rotation and being eligible and offers themselves 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:

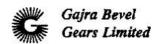
M/s O.T. Gandhi & Co., Chartered Accountants, (Firm Registration No. 001120C) the Statutory Auditors retires at the close of this Annual General Meeting and is eligible for re-appointment. The Company has received information from the Auditors that their re-appointment, if made, will be in accordance with the provisions of section 224(1B) of the Companies Act, 1958. The Audit Committee of the Board has recommended their re-appointment. The necessary resolution is being placed before the shareholders for approval.

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

1. In the matter of Para No.8.(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 claim 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 30.09.2008, 30.09.2009, 30.09.2011 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:

		2010-11	£000-10
(1)	Salaries and Wages	79,22,551	79,22,551
(2)	Deamess Allowances	1,34,14,928	1,34,14,928
(3)	Other Allowances	54,63,326	54,63,326
	Contribution to P.F.	30,14,321	30,14,321
(5)	Contribution to ESIC	15.50.381	15.50.381
200	TOTAL	3.13.65.607	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.

DEPOSITS:

Your Company has not accepted any public

deposit within the meaning of provisions of section 58A and 58 AA 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, 2011 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 trauds and other irregularities.
- The annual accounts of the company have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

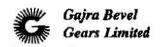
The corporate governance practices and the disclosures are need based, compiled with the statutory and the regulatory requirements of the Companies Act, 1956, together with all the relevant Clauses of the Listing Agreement and all the others applicable laws. The Company's Corporate Governance policies 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 because

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

Information as required under section 217(1)(e) of the Companies Act, 1958 read with the Companies (Disclosure of particulars in the Report of the

2009.10





Board of Directore) 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 sever 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 effected and the manufacturing operations were closed down due to non availability of the adequate working capital, moreover, selzure of the plant by the PF and other authorities is continuing. As the Company is a sick industrial Company under the provisions of SiCA, and declaired by the BIFR vide hearing held on 6th Jan., 2010 appointing the IDBI as the Operating Agency.

With the help of the Operating Agency and under the directions 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. The management of the Company is trying at best to come out from the situation with the help of the BIFR and operating agency IDBI. In the present acenario it is very difficult as well as risky for the management of the company to reestablish and compete with the existing players in the market. Moreover, in the changing design and technology in the automobile sectors, the compen may needs to modernize its plant with the hu 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 dobally 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 since the revived and shall be able to perform in community years.

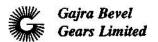
For & On Behalf of the Board

Sd/-

SURENDRA SINGH CHAIRMAN & MANAGING DIRECTOR

Place: INDORE Dated: 2nd Dec., 2011,





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 2010-11 the Board of directors met 5 times on 3rd December 2010; 30th January 2011; 15th May, 2011; 12th August, 2011 and5th September 2011.

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

Name	Category	Desi- gnation	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 the Co.
Shri Surendra Singh	Promoter/ ED	CMD	5	5	Yes	(3)
Shri P. S. Raghuvanshi	IND/NED	Director	5	5	Yes	5 Director
Shri Ranveer Singh	IND/NED	Director	5	5	Yes	3 Director
Shri D P Soni	IND/NED	Director	5	5	Yes	6 Director

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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.