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# **GAJRA BEVEL GEARS LIMITED**

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37th Annual Report 2011-2012

**Board of Directors**

Mr. Surendra Singh :	<i>Chairman &amp; Managing Director</i>
Mr. Ranveer Singh :	<i>Director</i>
Mr. P.S.Raghuvanshi :	<i>Director</i>
Mr. D.P.Soni :	<i>Director</i>

**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, Pannalal Silk Mills Compound,  
L.B.S.Marg, Bhandup (W)  
Mumbai 400078  
Phone: 022 25963838  
Email: [visakha.suryavanshi@linkintime.co.in](mailto:visakha.suryavanshi@linkintime.co.in)

**Bankers**

IDBI Bank Ltd.

**Registered Office and Plant**

Industrial Area, A.B.Road  
Dewas (M.P.) 455001  
Phone : 07272 258493, 258494  
Fax: 07272 258001  
Email: [ssg@gajrabevel.com](mailto:ssg@gajrabevel.com)  
Website: [www.gajrabevel.com](http://www.gajrabevel.com)

**Corporate Office**

3/1, Race Course Road,  
Indore 452003  
Phone: 0731 2434327, 2433011  
Fax: 0731 2432909  
Email: [ssg@gajrabevel.com](mailto:ssg@gajrabevel.com)



#### **NOTICE TO THE SHAREHOLDERS**

**NOTICE** is hereby given that the 37<sup>th</sup> Annual General Meeting of the Members of **GAJRA BEVEL GEARS LIMITED** will be held at the Registered Office of the Company at **3-7, Industrial Area, A.B. Road, Dewas, (M.P.) 455001**, on Monday the **31<sup>st</sup> Day of December, 2012** 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 2012 and the Statement of Profit and Loss for the year ended 30th September 2012 and reports of the Directors and Auditors thereon.
2. To appoint a director in place of Shri Dwarika Prasad Soni, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 of the Company and authorize the Board to fix their remuneration.

#### **BY ORDERS OF THE BOARD**

**SURENDRA SINGH  
CHAIRMAN & MANAGING  
DIRECTOR**

**Place: Indore**

**Dated: 2<sup>nd</sup> Dec., 2012**

#### **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. The Company's of Register of Members and Share Transfer Books shall remains closed from **30<sup>th</sup> Dec., 2012 to 31<sup>st</sup> Dec., 2012** (both days inclusive).
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.
4. 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 Company and 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:
- i) Change in the residential status on return to India for permanent settlement.
  - ii) 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 Company has connectively from the CDSL & NSDL and 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 Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S 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 as prescribed by the Central Government may be obtained from the Share Transfer Agent or may be download from the website of the Ministry of Corporate 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 2011-2012. 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 security 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, L.B.S Marg, Bhandup (W) Mumbai 400078.
12. Pursuant to the Clause No. 49 of the Listing Agreement, profile of the Directors proposed for 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 21<sup>st</sup> April, 2011 and Circular No. 18/2011 dated 29<sup>th</sup> 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, we propose to send future 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 the 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 sent 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 DWARIKA PRASAD SONI**

Shri Dwarika Prasad Soni, the Director of the Company aged about 38 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 also the director of Gajara Investment Pvt. Ltd., Garha Holdings Pvt. Ltd., Garha Gears Ltd. Garha Computers Pvt Ltd., Garha Resort and Sports Pvt Ltd. and Garha Ultibrocc Tools Ltd. Looking into the immense contribution towards the management of the Company by Shri Dwarika Prasad Soni, he is proposed for re-appointment.



**DIRECTORS' REPORT  
AND  
MANAGEMENT DISCUSSION AND ANALYSIS**

To  
The Members,  
Gajra Bevel Gears Ltd.

Your Directors presents their 37th Annual Report on the business and operation of the company together with the Audited Balance Sheet & Profit and Loss Accounts for the year ended 30<sup>th</sup> Sept 2012.

**FINANCIAL RESULTS:**

(Amount in Rs.)

Particulars	As on 30.09.2012	As on 30.09.2011
Sales and income from operation	0	0
Other Income	1456176	25200
<b>Total Income</b>	<b>1456176</b>	<b>25200</b>
Total Expenses	1353091	1193742
Operating Profit/(loss)(PBIT)	103085	(1168542)
Interest	4423212	4423212
Depreciation	2477754	2674576
<b>Profit/(Loss) before tax</b>	<b>(6797881)</b>	<b>(8266330)</b>
Provisions for Taxes:	0	0
<b>Net Profit/(Loss) after Interest, Depreciation &amp; Tax</b>	<b>(6797881)</b>	<b>(8266330)</b>
<b>Accumulated Losses carried to Balance Sheet</b>	<b>(403134423)</b>	<b>(396336542)</b>
Earning per share- Basic	(0.72)	(0.88)
Diluted	(0.72)	(0.88)

**DIVIDEND:**

Looking into the losses incurred by the company during the year under review and huge 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 30.09.2012. 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.67.97 lacs during the year 2011-2012 (Previous year losses Rs 82.66 lacs). resulting the accumulated losses has been increased to Rs.4031.34 lacs as at 30th Sept., 2012. 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. During the year the Company has settled, by way of OTS the loan dues of State Bank of India and also made a substantial payment to MPSIDC towards the OTS of their dues by the funds made available by Abhimanyu Agro Pvt. Ltd. and Rani Agro Pvt. Ltd.

**FINANCIAL REVIEW AND STATUS OF SICKNESS UNDER BIFR:**

Your directors report that 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 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 were made in the books of accounts for the year ended 30.09.2012 as per previous year 2010-11.

In view of the settlement process/litigations pending at courts and forums no provision has been made for the interest on institutional/bank borrowings for the year under review as per policy followed in previous years.

The Company has provided interest on 18% redeemable debentures for the year 2011-12, 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 D. P. Soni 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, (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, 1956. 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.6.(a) of the Auditors Report regarding Expenditure of revenue nature incurred on research and development, 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.

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 more than Rs. 1.00 lakh and outstanding for more than 30 days has not been compiled and hence not disclosed by the Company.

Para No. 6.c) Regarding 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 to 30.09.2012, 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:

(Amt in Rs.)		
S.No. Particulars	2011-12	2010-11
(1) Salaries and Wages	79,22,551	79,22,551
(2) Dearness Allowances	1,34,14,928	1,34,14,928
(3) Other Allowances	54,63,326	54,63,326
(4) Contribution to P.F.	30,14,321	30,14,321
(5) Contribution to ESIC	15,50,381	15,50,381
<b>TOTAL</b>	<b>3,13,65,507</b>	<b>3,13,65,507</b>

#### DEPOSITS:

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

#### COST COMPLIANCE REPORT:

The Company is covered under the requirement for the filing of the Cost Compliance Report to the Central Government, but since there is no

business/manufacturing activities during the year under review, hence no cost records has been maintained by the management. However, the Company is in process to file the Compliance certificate to the Central Government as may be applicable.

#### 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 30th September 2012 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 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, seizure of the plant by the PF and other authorities is continuing. The Company is a sick industrial company under the provisions of SICA. The BIFR vide hearing held on 6th Jan.. 2010 has appointed IDBI as the Operating Agency to work out a rehabilitation scheme for the Company for its revival.

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.

**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. 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 needs 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.

**D. 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 revive and shall be able to perform in coming years.

For & On Behalf of the Board

**SURENDRA SINGH  
CHAIRMAN & MANAGING DIRECTOR**

Place: Indore  
Dated: 2<sup>nd</sup> Dec., 2012



## REPORT ON CORPORATE GOVERNANCE

(Under Clause 48 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 2011-12 the Board of directors met 6 times on 14<sup>th</sup> November, 2011; 2<sup>nd</sup> December 2011; 14<sup>th</sup> February 2012; 11<sup>th</sup> March 2012; 14<sup>th</sup> May, 2012; and 14<sup>th</sup> August, 2012.

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 last AGM	No. of directorship/ Chairman member of committee in other Co.
Shri Surendra Singh	Promoter/ ED	CMD	6	6	Yes	-
Shri P. S. Raghuvanshi	IND/NED	Director	6	6	Yes	5 Director
Shri Ranveer Singh	IND/NED	Director	6	6	Yes	3 Director
Shri D P Soni	IND/NED	Director	6	6	Yes	6 Director

### 3. AVAILABILITY OF INFORMATION TO THE MEMBERS OF THE BOARD :

The Board has unfettered and complete 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.