



GAJRA BEVEL GEARS LIMITED

38th Annual Report 2012-2013



**Gajra Bevel
Gears Limited**

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

**Registrar and
Transfer Agent**

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (W)
Mumbai 400078
Phone: 022 25963838
Email: sarita.mote@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
Website: www.gajrabevel.com

Corporate Office

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



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 38th 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 Tuesday the 31st Day of December, 2013 at 11.30 A.M. to transact the following businesses:

I. **ORDINARY BUSINESSSES:**

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year ended (9 months from 1st Oct., 2012 to 30th June, 2013) on that date and reports of the Directors and Auditors thereon.
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., 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

Place : Indore **SURENDRA SINGH**
Dated: 29th August, 2013
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. The Company's Register of Members and Share Transfer Books shall remain closed from 30th December, 2013 to 31st December, 2013 (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 down load 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 2012-2013 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 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, 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 PARMAL SINGH RAGHUWANSHI

Shri Parmal Singh Raghuwanshi, the Director of the Company aged about 64 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 director of Gajara Investment Pvt. Ltd., Garha Holdings Pvt. Ltd., Garha Gears Ltd., Garha Resort and Sports Pvt Ltd. and Garha Ultibroce Tools Ltd. Looking into the immense contribution towards the management of the Company by Shri Parmal Singh Raghuwanshi, he is proposed for re-appointment.



DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

To
The Members,

Your Directors presents their 38th Annual Report on the business and operation of the company together with the Audited Balance Sheet & Statement of Profit and Loss for the year ended 30th June, 2013 (9 months from 1st Oct., 2012 to 30th June, 2013).

FINANCIAL RESULTS:

(Amount in Rs.)

Particulars	As on 30.06.2013	As on 30.09.2012
Sales and income from operation	0	0
Other income	10800	1456176
Total Income	10800	1456176
Total Expenses	694454	1353091
Operating Profit/(loss)(PBIDT)	(683654)	103085
Interest	0	4423212
Depreciation	1798541	2477754
Profit/(Loss) before tax	(2482195)	(6797881)
Provisions for Taxes:	0	0
Net Profit/(Loss) after Interest, Depreciation & Tax	(2482195)	(6797881)
Accumulated Losses carried to Balance Sheet	(405616618)	(403134423)
Reserves	21684362	21684362
Earning per share- Basic	(0.26)	(0.72)
Diluted	(0.26)	(0.72)

DIVIDEND:

Looking into the containing losses being incurred by the company 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 (Previous year Nil).

OVERALL REVIEW AND FUTURE PROSPECTS:

There was no manufacturing/business activity during the year ended on 30.06.2013 (9 months from 1st Oct., 2012 to 30th June, 2013). 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. 24.82 lacs during the year 2012-2013 (Previous year losses Rs 67.97 lacs), resulting the accumulated losses has been increased to



Rs.4056.17 lacs as at 30th June, 2013. 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 continue in 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 dues of the Banks and financial institutions. Last year, the Company had settled the dues of SBI by way of OTS. During the year the Company has settled, by way of OTS the loan dues of IDBI, MPAVN and MPSIDC and has made a substantial payment to the respective institutions by the funds made available by Abhimanyu Agro Pvt. Ltd. and Rani Agro Pvt. Ltd.

CHANGE IN THE ACCOUNTING YEAR:

Looking into the requirements under the proposed new Companies Act, 2013, Board of directors has change the accounting year from 1st Oct, 2012 to 30th June, 2013 in the first step and it will again have another accounting year for the next year from 1st July, 2013 to 31st March, 2014 thereafter the accounting year would be as per requirement of the Companies Act.

FINANCIAL REVIEW AND STATUS OF SICKNESS UNDER BIFR:

Your director's 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)(c) 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 30.06.2013. (9 months from 1st Oct., 2012 to 30th June, 2013)

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.

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, (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 30.06.2013, 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:

(Amount in Rs.)

S.No.	Particulars	2012-13	2011-12
1.	Salaries and Wages	59,41,913	79,22,551
2.	Dearness Allowances	1,00,61,196	1,34,14,928
3.	Other Allowances	40,97,494	54,63,326
4.	Contribution to P.F.	22,60,741	30,14,321
5.	Contribution to ESIC	11,62,786	15,50,381
	Total	2,35,24,130	3,13,65,507

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 repayment.

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.

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 June 2013 (9 months from 1st Oct., 2012 to 30th June, 2013) 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 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.

Your directors are pleased to report that the Company has obtained unsecured loans of Rs. 2531.04 Lakhs from the associate companies of the promoters and from that funds it has settled the secured loan liabilities of the State Bank of India, IDBI, etc. Your directors place on record their sincere thanks to the new lenders for their confidence in the management of the company.

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, and 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

Place: Indore

SURENDRASINGH

Dated: 29th August, 2013 **CHAIRMAN & MANAGING DIRECTOR**



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 2012-13 (9 months from 1st Oct., 2012 to 30th June, 2013) the Board of directors met 4 times on 12th November, 2012; 02nd December, 2012; 13th February 2013 and 15th May 2013.

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 Surendar Singh	Promoter/ ED	CMD	4	4	Yes	1
Shri P. S. Raghuvanshi	IND/NED	Director	4	4	Yes	5
Shri Ranveer Singh	IND/NED	Director	4	4	Yes	3
Shri D P Soni	IND/NED	Director	4	4	Yes	6

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 2012-2013 (9 months from 1st Oct., 2012 to 30th June, 2013) the Audit Committee met 3 times on 12th November, 2012; 13th February 2013 and 15th May 2013.

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