

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/-

**SURENDRA SINGH
CHAIRMAN & MANAGING DIRECTOR**

Place: Indore

Dated: 3rd December 2010

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)(PBIDT)	(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 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.

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

- (iv) Posting of Annual Report : 4th Dec., 2010
- (v) Last date for receipt of Proxy : 29.12.2010
- (vi) Listing on Stock Exchanges : The BSE, Mumbai, MPSE
The Company is regular in payment of annual listing fee and has also paid the same for the year 2009-10 to BSE.
- (vii) Scrip Code : 505711
- (viii) Demat ISIN No. for CDSL & NSDL : INE282DO1010
- (ix) Stock Market Data : Stock Exchange, Mumbai:

High and low during each month in the accounting year 2009-10

Month	Highest (Rs.)	Lowest (Rs.)	Total volume of shares
October, 2009	5.50	4.11	61740
November, 2009	5.50	3.65	73713
December, 2009	6.89	4.25	335735
January, 2010	8.55	5.31	342423
February, 2010	6.23	4.75	93165
March, 2010	6.21	4.52	118361
April, 2010	5.44	4.60	112379
May, 2010	5.40	4.11	83791
June, 2010	5.25	4.52	67541
July, 2010	9.11	4.60	658824
August, 2010	7.15	5.51	123853
Sept., 2010	6.09	5.16	66919

(x) **Share Transfer System:**

Shareholders/Investors' Grievance Committee also approves share transfers and meets at frequent intervals. The Company's Share Transfers Agent, Link In-time India Pvt. Ltd. process these transfers. Share transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. In cases where shares are transferred after sending notice to the transferors, in compliance of applicable provisions, the period of transfer is reckoned from the date of expiry of the notice.

- (xi) Details of the promoter's shares : 306005 equity shares held by the promoters,
Under pledge. Consisting of 11.39% of the promoters holding and 3.25% of the total paid up capital has been pledged.
- (xviii) Details of shares credited in the : There were no instance for returning the undelivered shares
suspense account therefore, no shares were credited in the escrow account
as per Clause 5(a) of the Listing Agreement.

(xi) **Status of the investors/shareholders complaints:**

- (i) Number of complaints received during the year :23
(ii) Number of complaints solved during the year :23
(iii) Number of complaints pending at the end of the year : 0

(xii) **Dematerialisation/Rematerialisation:**

The Company's Equity Shares are traded in electronic (demat) form. As on 30th September, 2010, the Company's 6352028 shares are held by shareowners in dematerialised form, aggregating 67.56% of the Equity Share Capital. No. of shares in physical, NSDL and CDSL as on 30th September, 2010 are as under:

- (a) In physical Form : 3048722
(b) In CDSL : 1025445
(c) in NSDL : 5326583

(xiii) **Distribution of Share owning as on 30th September, 2010:**

Shareholding of Nominal Value of Rs	No. Of Owners	% Of Share Holders	Share Amount (Rs)	Share Amount (Rs) % to Total
1 – 500	6538	83.6810	10948130	11.6460
501 – 1000	636	8.1400	5602890	5.9600
1001 -2000	309	3.9550	5035830	5.3570
2001 -3000	108	1.3820	2755020	2.9310
3001 -4000	44	0.5630	1543440	1.6420
4001 -5000	48	0.6140	2274820	2.4200
5001 -10000	72	0.9220	5233480	5.5670
10001- Above	58	0.7420	60613890	64.4780
Total	7813	100.00	94007500	100.00

(xiv) Shareholders pattern as on 30th Sept., 2010:

Sr.	Category	No. Of Shares Held	Holding % Of share	No. of Shares pledged	% of the shares pledged
A	Promoter Holding				
1	Promoters				
	Indian Promoters				
(a)	Individuals/ HUF	2205560	23.46	3,03,805	13.77
(b)	Any Other	480255	5.11	2,250	0.46
	Foreign Promoters	-	-		
2	Persons Acting in Concert	-	-		
	Sub	2685815	28.57	3,06,055	11.39
	Total				
B	Non Promoters Holding				
3.	Intitutional investors			0	-
(a)	Mutual Funds and UTI	550	0.01	0	
(b)	Financial Institutions/Banks	2319709	24.68	0	
(c)	Central/State Government(s)	2200	0.02	0	
	Sub	2322459	24.71		
	Total				
4	Non -Institutions				
(a)	Bodies Corporate	669636	7.12	0	
(b)	Individuals holding share capital upto Rs 1 lac	3066296	32.61	0	
(c)	Individuals holding share capital in excess of Rs lac	570369	6.07	0	
5	Others				
(a)	Clearing Members	49597	0.53	0	
(b)	Non Resident Indians	36578	0.39	0	
	Sub	4392	46.73	0	
	Total				
6	Shares held by custodians	-	-	0	
	TOTAL	9400750	100	306055	11.66

(xv) Address for Communication: Shareholders should address their correspondence to The Company's Share Transfer Agent Linkintime India Pvt. Ltd. and may also contact at C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai 400078 or at the registered office of the Company.

(xvi) Name and Designation of the Compliance Officer : Shri Ranveer Singh, Compliance Officer

(xvii) Plant Location, Head Office & : Industrial Area, A.B.Road,

Address for correspondence Dewas (M.P.) 455001
Phone No.9302103427
Email gbgindr@matrafreenet.com

For & On Behalf of the Board

Place: Indore
Date: 3rd Dec. 2010

Sd/-
SURENDRA SINGH
CHAIRMAN & MANAGING DIRECTOR

MANAGEMENT RESPONSIBILITY STATEMENT

The Management of Company accepts responsibility for the integrity and objectivity of these financial statements, as well as, for estimates and judgments relating to matters not concluded by the year-end. The management believes that the financial statements reflect fairly the form and substance of transactions and reasonably presents the company's financial condition, and results of operations. To ensure this, the company has installed a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Internal auditors have conducted periodic audits to provide reasonable assurance those company's established policies and procedures have been followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls.

These financial statements have been audited by M/s O.T.Gandhi & Co., Chartered Accountants, the Statutory Auditors of the Company.

Dated: 3rd Dec., 2010
Place: Indore

Sd/-
SURENDRA SINGH GARHA
CHAIRMAN & DIRECTOR

Sd/-
RANVEER SINGH
DIRECTOR & COMPLIANCE OFFICER

DECLARATION

This is to confirm that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended December, 31st, 2010.

For Gajra Bevel Gears Limited

Place: INDORE
Date : 3rd December 2010

Sd/-
SURENDRA SINGH
CHAIRMAN & MANAGING DIRECTOR

**CERTIFICATE OF STATUTORY AUDITORS
ON CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES**

**To
The Board of Directors
Gajra Bevel Gears Limited**

We have examined the compliance of conditions of Corporate Governance procedures as stipulated in Clause 49 of Listing Agreement entered into by the company with the Stock Exchanges, for the financial year beginning 1st Oct, 2009 and ending on 30th Sept., 2010.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for review and the information and explanations given to us by the company. Based on such review, in our opinion, the Corporate Governance Report of the company, referred to above, reflects on a fair basis the status of compliance by the company with the Clause 49 of the Listing Agreement of the Stock Exchanges, relating to Corporate Governance, for the FY 2009-10 there was only 2 investors grievances were pending for a period exceeding one months against the Company as per the records mentioned by the Share Department/ Share Transfer Agent of the Company.

We further state that such compliance is neither an assurance or as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For O.T.GANDHI & Co.
CHARTERED ACCOUNTANTS**

**SAMEEP GANDHI
PARTNER**

**Place: Indore
Date: 3rd Dec. 2010**

AUDITORS' REPORT

TO THE MEMBERS OF GAJRA BEVEL GEARS LIMITED

1. We have audited the attached Balance Sheet of Gajra Bevel Gears Limited, as at 30th September, 2010 and also the Profit & Loss Account and the Cash Flow Statement for twelve months of the Company for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) order'2003 as amended by Companies (Auditors Report)(Amendment) Order'2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act.,1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. The financial Statements are prepared on a going concern basis even though the Company has substantial losses and has eroded its net worth as explained in Note No.(x) of annexure to this report in respect of which we are unable to express an opinion.
5. Further to our comments in the Annexure referred to in paragraph 3 above, and subject to our comments in paragraph 4 above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.



- d) In our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act. 1956.
- e) On the basis of written representations received from the Directors which were taken on records by the Board of Directors, we report that, as at 30th Sept.2010 none of the Directors of the company is disqualified from being appointed as Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act., 1956.

6 Attention is invited to the following:

- a) As stated in Note No.1(viii) & (ix) of schedule 17, expenditure of revenue nature incurred on research and development and technical know how fees / expenses on exhibition of proto-type of products which are according to the Company, expected to be technically / commercially viable, is written off over a period of five years. This is a generally accepted accounting method and necessarily involves technical/commercial estimates by the management pertaining to future periods, on which we have relied upon.
- b) Note No. 3(a) & (b) of Schedule 17 regarding non-disclosure of the information relating to the Small Scale Industrial Undertaking.
- c) As stated in Note No.17, 18 and 20 of Schedule 17 current year losses along with accumulated losses has eroded entire net worth of the Company and has made the company financially sick Based on the Audited Balance Sheet as on 30.09.2008 a reference u/s.15(1) of SIC(SP) Act.1985 has been filed by company with the BIFR and the same has been registered as case No. 27/2009 on 13.07.2009. The BIFR vide its order of hearing held on 06.01.2010 declared the Company a SICK INDUSTRIAL COMPANY in terms of section 3(1) (o) of Sick Industrial Companies (Special Provisions) Act 1985 and appointed IDBI as the Operating Agency (OA).As informed by the management, there is no manufacturing /business activity in the company after 31.10.06
- d) As stated in Note No.16 of Schedule 17, sundry debtors include old outstanding aggregating Rs.4824150/- in respect of which no provision has been made in the accounts for the reasons stated therein. The Company is of the opinion that the amounts are fully recoverable. Remaining debtors, though considered good have become time barred and no provision has been made in accounts for their bad and doubtfulness.



Subject to the forgoing, in our opinion and to the best of information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and Notes on Accounts, give the information required by The Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of Balance Sheet, of the state of affairs of the Company as at 30th September, 2010 and
- (ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.
- (iii) In the case of the Cash Flow Statement of the cash Flow of the company for the year ended on that date.

Indore
Dated : 3rd Dec. 2010

For O.T.GANDHI & CO.
Chartered Accountants



CA SAMEEP GANDHI
PARTNER
Membership No.411107



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF GAJRA BEVEL GEARS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 2010.

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, having regard to the size of the company and nature of its assets, the frequency of verification of fixed assets of the company is reasonable.
- (c) Since there is no disposal of substantial part of fixed assets during the period, paragraph 4(i) of the Companies (Auditors' Report) Order, 2003 (hereinafter referred to as the Order) is not applicable.
- (ii) (a) The inventories in respect of the stocks held have been physically verified by the management during the period at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. According to the information and explanation given to us, no material discrepancies were noticed on physical verification between the physical stock and the book records.
- (iii) A. Accordingly to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause (iii) (b), (c) and (d) are not applicable.



- B. Accordingly to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act.1956 Accordingly clause (iii) (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls. However, there has not been any purchase of inventory and fixed assets and sale of goods during the year.
- (v) (a) According the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 o the Companies Act. 1956 have been so entered.
- (b) In our opinion and according the information and explanations give to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act. 1956 and exceeding the value of Rupees Five Laes during the year for each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us the company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act.1956 and the rules framed there under.
- (vi) In our opinion the company has an internal audit system commensurate with size and the nature of the business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Act. We are of the opinion that prima facie the prescribed accounts and records are not required to be maintained and accordingly have not made a detailed examination of the records maintained.



- (ix) (a) According to the information and explanations given to us and according to the records of the company, the company, in majority cases is not regular in depositing with appropriate authorities undisputed statutory dues including provident funds, employees state insurance, income tax, tax deducted at source, professional tax, Commercial tax, excise duty, property tax, license fees, material statutory dues applicable to it. Status of such dues is as per Annexure 1-A
- (b) As explained to us and according to the records of the company besides the statutory dues referred above in clause (ix) (a) there are some dues have not been deposited on account of dispute are given in Annexure – 1-B.
- (x) The net worth of the company has already been eroded during the year ended on 30.09.2005 and there are further cash losses incurred by the company during the year ended 30.09.2006, 30.09.2007, 30.09.2008, 30.09.2009 and the year covered by our audit.
- (xi) As per the records of the Company and based on our audit procedures, during the year, the company has in most of the cases defaulted in payment of dues to Financial Institutions. Such defaults are of a period exceeding 180 days. Refer Note No.19 of Schedule 17 in respect of charge of interest for the year covered by our audit.
- (xii) Since the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other security, paragraph 4 (xii) of the Order is not applicable.
- (xiii) As the company is not a nidhi / mutual benefit fund / society, paragraph 4 (xiii) of the Order is not applicable.
- (xiv) Since the company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable
- (xv) Since company has not given guarantees for loans taken by employees from banks or financial institutions paragraph 4 (xv) of the Order is not Applicable.

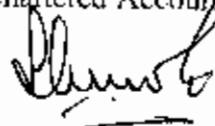


- (xvi) In our opinion, the Term Loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments. No long term funds have been used to finance short term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) Since the company has not issued any debenture during the year, paragraph 4(xix) of the Order is not applicable.
- (xx) Since the company has not raised any money during the year by way of public issue, paragraph 4(xx) of the Order is not applicable.
- (xxi) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the period.

Indore

Dated : 3rd Dec, 2010.

For O.T.GANDHI &.CO.
Chartered Accountants



CA SAMEEP GANDHI
PARTNER
Membership No.411107



Annexure – I - A

(Referred to in para ix (a) of Auditors' Report under Companies (Auditors Report) Order'2003. Summary of undisputed statutory dues which have not been deposited and payable for more than six months:-

Nature of dues	Amount (Rs. In lacs)
Provident Fund Contribution	122.26
F.S.I.C. Contribution	62.50
Commercial / Sales Tax/ Central Sales Tax/Entry Tax	84.86
Professional Tax	12.36
Income Tax Demand / FBT/ Tax Deduct at Source	192.51

Annexure – I - B

(Referred to in para ix (b) of Auditors' Report under Companies (Auditors Report) Order'2003.

Summary of Statutory Dues which have not been deposited on account of disputes.

Name of Status	Nature of dues	Amount (Rs.in Lacs)	Period to which year related	Forum where dispute is pending
INCOME TAX				
Income Tax Act.	Income Tax	32.90	1990-91	Income Tax Appellate Tribunal Mumbai.
Income Tax Act	Income Tax	9.57	1991-92	Income Tax Appellate Tribunal Mumbai.
Income Tax Act	Income Tax	13.85	1997-98	Commissioner of Income Tax (Appeal)
TOTAL		56.32		



SALES TAX				
M.P. Comm. Tax Act.	Entry Tax II Appeal	0.24	1985-86	M.P. Comm. Tax Appellate Board Bhopal
M.P. Comm. Tax Act.	Entry Tax II Appeal	1.15	1988-89	M.P. Comm. Tax Appellate Board Bhopal
M.P. Comm. Tax Act.	Entry Tax II Appeal	0.62	1990-91	M.P. Comm. Tax Appellate Board Bhopal
M.P. Comm. Tax Act.	Central Sales Tax Entry Tax	4.36	1991-92	M.P. Comm. Tax Appellate Board Bhopal
M.P. Comm. Tax Act.	State Sales Tax C.S.T.	1.05	1996-97	Add. Commissioner Commercial Tax Indore
M.P. Comm. Tax Act.	State Sales Tax Entry Tax CST	0.98	1997-98	Add. Commissioner Commercial Tax Indore
M.P. Comm. Tax Act.	St Sales Tax	3.91	1993-94	Add. Commissioner Commercial Tax Indore
M.P. Comm. Tax Act.	State Sales Tax C.S.T.	4.49	1998-99	Add. Commissioner Commercial Tax Indore
M.P. Comm. Tax Act.	State Sales Tax Cent. Sales Tax Entry Tax	16.64	1999-00	Add. Commissioner Commercial Tax Indore
M.P. Comm. Tax Act.	State Sales Tax	0.11	2000-01	Add. Commissioner Commercial Tax Indore
M.P. Comm. Tax Act.	State Sales Tax Cent. Sales Tax Entry Tax	27.72	2001-02	Add. Commissioner Commercial Tax Indore
M.P. Comm. Tax Act.	State Sales Tax Cent. Sales Tax Entry Tax	48.09	2002-03	Add. Commissioner Commercial Tax Indore
M.P. Comm. Tax Act.	State Sales Tax Cent. Sales Tax Entry Tax	205.35	2006-07	Ex-parte case revision / appeal pending before Addl. Commercial Tax, Indore.
TOTAL		314.71		
GRAND TOTAL		371.03		

Note (i) : Demands on account of ex-parte assessment orders passed by Commercial Tax Authorities of branches have not been acknowledged by the company due to closer of its Branches and factory premises can not be ascertained to the extent the same has not been communicated to the management.

(ii) : Contingent liabilities on account of ex-parte assessment orders which have been set-aside by the Revision Orders and subject to re-assessments of which the ex-parte orders demands have been as under -

<u>Year to which relates</u>	<u>Set aside Demand (Rs. in Lacks)</u>
2003-04	115.19
2004-05	203.66
2005-06	267.81



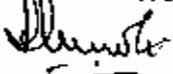
GAJRA BEVEL GEARS LIMITED
BALANCE SHEET AS ON 30.09.2010

		30.09.2010		30.09.2009	
Sche dules	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
I SOURCES OF FUNDS :					
(1) Shareholders' Funds					
(a) Share Capital	1	94,041,579		94,041,579	
(b) Reserves and Surplus	2	<u>21,684,362</u>	115,725,941	<u>21,684,362</u>	115,725,941
(2) Secured Loans	3		<u>396,131,282</u>		<u>392,362,799</u>
Total			<u><u>511,857,223</u></u>		<u><u>508,108,740</u></u>
II APPLICATION OF FUNDS :					
(1) Fixed Assets	4				c
(a) Gross Block		281,022,564		281,022,564	
(b) Less Depreciation		<u>275,956,121</u>		<u>274,997,623</u>	
(c) Net Block		5,066,443		6,024,941	
(d) Capital Work-In-Progress and advances against Capital Expenditure		<u>4,593,589</u>	9,660,032	<u>4,593,589</u>	10,618,530
(2) Investments	5		585,000		585,000
(3) Current Assets, Loans and Advances					
(a) Inventories	6	38,083,050		38,083,050	
(b) Sundry debtors	7	148,516,353		150,833,423	
(c) Cash and bank balances	8	1,433,987		1,433,987	
(d) Loans and advances	9	<u>20,491,869</u>		<u>19,200,664</u>	
		208,525,259		209,351,124	
Less Current Liabilities and Provision	10				
(a) Current Liabilities		95,206,690		95,288,190	
(b) Provisions		<u>19,056,006</u>		<u>19,081,006</u>	
		<u>114,262,696</u>	94,262,563	<u>114,369,196</u>	94,981,928
(4) (a) Miscellaneous Expenditure (to the extent not written off or adjusted)	11		19,279,416		20,995,494
(b) Profit and Loss account			388,070,212		380,927,788
Total			<u><u>511,857,223</u></u>		<u><u>508,108,740</u></u>
Notes to the Accounts	17				

In terms of our Report of even date annexed herewith

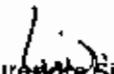
For O.T. Gandhi & Co.

Chartered Accountants


CA SAMEEP GANDHI
PARTNER

Membership No. 411107


Ranvir Singh
Director


Surender Singh
Managing Director

Place Indore
Date 3rd Dec. 2010



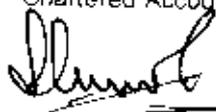
GAJRA BEVEL GEARS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30.09.2010

	Sche dules	30.09.2010		30.09.2009	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Sales and services		-	-	-	-
Miscellaneous Income	12.	54,000		49,680	
			54,000		49,680
EXPENDITURE					
Cost of Materials Consumed	13	-	-	-	-
Excise Duty		-	-	-	-
Other expenses	14	2,489,443		2,019,215	
Interest	15	3,748,483		3,176,681	
Depreciation (See Note 2 of Schedule 4)		958,498		958,498	
		7,196,424		6,154,394	
(Increase)/Decrease in Stock of finished Goods and Work-in-Process	16	-		-	
			7,196,424		6,154,394
Profit/(Loss) before Tax			(7,142,424)		(6,104,714)
Less - Provision for Tax			-		-
Provision for FBT			-		-
Profit/(Loss) after Tax			(7,142,424)		(6,104,714)
Balance brought forward from last year			(380,927,788)		(374,823,074)
BALANCE CARRIED TO BALANCE SHEET			(388,070,212)		(380,927,788)

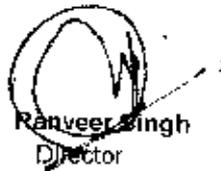
Notes to the Accounts

17

In terms of our Report of even date annexed herewith
For O.T. Gandhi & Co.
Chartered Accountants



CA SAMEEP GANDHI
PARTNER
Membership No. 411107



Ranveer Singh
Director



Surendra Singh
Managing Director

Place Indore
Date 3rd Dec 2010

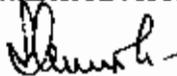


AUDITORS CERTIFICATE

The Board of Directors,
Gajra Bevel Gears Limited.
Industrial Area,
DEWAS. 455-001.

We have examined the attached Cash Flow Statement of Gajra Bevel Gear Limited for the year ended 30.09.2010. The statement has been prepared by the company in accordance with the requirement of Clause 32 of listing agreement with the Stock Exchange and is based on and derived from the accounts of the company for the year ended on 30th September, 2010 audited by us under the Companies Act., 1956.

For O.T.Gandhi & Co.
Chartered Accountants



CA SAMEEP GANDHI
Partner
M.No.411107

Indore
Dated : 3rd Dec. 2010



GAJRA BEVEL GEARS LTD.

CASH FLOW STATEMENT FOR THE YEAD ENDED 30th SEPTEMBER 2010

	30.09.2010 (12 Months)	30.09 2009 (12 Months)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	(7142424)	(6104714)
Adjusted for :		
Depreciation	958498	958498
Interest Expenses (Shown Separately)	3748483	3176681
Provision for Diminution in value of investments w/back	-	49680
Operating profit before working capital change	<u>(2435443)</u>	<u>(1919855)</u>
Adjustment for -		
Trade and other receivables	(2117070)	(494809)
Inventories	-	-
Trade and other Payable and Provisions	(106500)	(192705)
Misc expenses to the extent written off	(1716078)	(1716078)
	<u>(3939648)</u>	<u>(2403592)</u>
Cash generated from Operation	(6375091)	(4323447)
Interest Paid	3748483	3176681
Cash Flow before extraordinary items	<u>(2626608)</u>	<u>(1146766)</u>
Extraordinary Itmes	-	-
Net Cash from Operating Activities	<u><u>(2626608)</u></u>	<u><u>(1146766)</u></u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	-
Interest received on investments & fixed deposits	-	-
Dividend Received	54000	-
Net Cash used in investing activities	<u><u>54000</u></u>	<u><u>-</u></u>
C. CASH FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	-	-
(Decrease) / Increase of Long Term Loans	3748483	3176681
(Decrease) / Increase of Fixed Deposit recd	-	-
(Decrease) / Increase of Bank Borrowings	-	-
(Decrease) / Increase in Fixed Dsposit with Bank	-	-
Net cash used in financing activities	<u>3748483</u>	<u>3176681</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALANTS (A + B + C)	1175875	2029915



The text shows a handwritten signature and a circular stamp, likely a company seal or a personal stamp of the signatory.

GAJRA BEVEL GEARS LTD.

CASH FLOW STATEMENT FOR THE YEAD ENDED 30th SEPTEMBER 2010

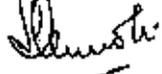
	30.09.2010 (12 Months)	30.09.2009 (12 Months)
Cash and Cash equivalent as at 1st October (Opening Balance)	160980	162013
Cash and Cash equivalent as at 30th September (Closing Balance)	160980	160980
	<u>NIL</u>	<u>(1033)</u>

NOTE .

Csh and cash equivalent comprises of
Cash on hand
Current Account with Banks.

-	-
160980	160980
<u>160980</u>	<u>160980</u>

As per our report attached
For **O.T.GANDHI & CO.**
Chartered Accountants



CA SAMEEP GANDHI
PARTNER
M NO. 411107



Ranveer Singh
Director



Surinder Singh
Managing Director

INDORE
Dated 3rd Dec.' 2010



**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 30th SEPTEMBER, 2010**

SCHEDULE 1 - SHARE CAPITAL

	30.09.2010	30.09.2009
	<u>Rupees</u>	<u>Rupees</u>
AUTHORISED		
1,30,00,000 Equity Shares of Rs. 10/-each	<u>130,000,000</u>	<u>130,000,000</u>
 <u>ISSUED, SUBSCRIBED AND PAID-UP</u>		
94,00,750 Equity Shares of Rs 10/- each fully paid including 2034200 Equity shares of Rs 10/- each issued for other than cash to IDBI and IFCI on conversion of Term Loans during the year ended on 30.09.05	94,007,500	94,007,500
 Add Forfeited Shares (Amount originally paid up)	<u>34,079</u>	<u>34,079</u>
Total	<u>94,041,579</u>	<u>94,041,579</u>

SCHEDULE 2 - RESERVES AND SURPLUS

	30.09.2010	30.09.2009
	<u>Rupees</u>	<u>Rupees</u>
Capital Reserve Per last Balance Sheet	11,448	11,448
Securities Premium Per last Balance Sheet	14,758,450	14,758,450
Debenture Redemption Reserve Per last Balance Sheet	5,000,000	5,000,000
Capital Subsidy Per last Balance Sheet	1,914,464	1,914,464
Total	<u>21,684,362</u>	<u>21,684,362</u>



GAJRA BEVEL GEARS LIMITED**SCHEDULE 3 - SECURED LOANS**

30.09.2010

30.09.2009

RupeesRupees**1. DEBENTURES**

100 18% Redeemable Non-Convertible
Debentures of Rs 1,00,000/- each issued
to IDBI (Inclusive of Interest)

24,573,391

20,824,908

2. FROM STATE BANK OF INDIA

Cash/Export Packing Credit

137,448,832

137,448,832

Term Loan-Corporate Loan

23,376,936

23,376,936

Term Loan-Funded Interest

9,200,000

9,200,000

Term Loan-Working Capital

34,309,152

34,309,152

3 TERM LOANS FROM FINANCIAL INSTITUTIONS:

(a) DBI - EFTL / WCTL / FITL

51,768,696

51,768,696

(b) Interest-free Sales-Tax loan from-MPAVN LTD

3,611,242

3,611,242

(c) FCI - TL / FITL

12,218,769

12,218,769

(d) M P S I D, C (I C D)

23,969,039

23,969,039

(e) M P F C WCTL/FITL

75,655,225

75,655,225

Total

396,131,282392,382,799

a) Item 1 above is secured by way of hypothecation of the company's all movable properties both present and future subject to prior charges created / to be created in favour of the company's Bankers to secure working capital. These debentures are also secured by way of first charge on the present and future immovable properties of the company by a joint equitable mortgage by deposit of title deeds.

b) Item 2 above is secured by hypothecation of the Company's entire stock, receivables, book debts and all other movable assets of the company and by way of second charge on immovable properties of the company.

c) Item 3(a) and 3(c) above are secured by a Joint Equitable Mortgage by deposit of title deeds of immovable properties of the Company and also by way of hypothecation of all movable assets of the Company (save and except book debts) both present and future, subject to the prior charges created and / or to be created by the company in favour of its Bankers to secure the borrowing for working capital requirements. Further, item 3(c) above is also secured by exclusive hypothecation of whole plant and machinery acquired by this loan.

d) Item 3(b) above is secured by way of second charge on movable and immovable properties of the Company.

e) Item 3(d) and 3(e) are secured by way of hypothecation of all movable assets of the Company (save and except book debts) both present and future, subject to the prior charges created and / or to be created by the Company in favour of its Bankers to secure the borrowing for working capital requirements.

f) Secured Loans shown in above 1, 2, 3(a), 3(b), 3(c), 3(d) and 3(e) have been personally guaranteed by the Promotor Directors of the Company.

g) Term Loans of item 3 are shown inclusive of interest accrued there on up to the year ended on 30.09.2006.

h) Loans of item 2 are shown inclusive of interest accrued there on up to the year ended on 30.09.2007.



GAJRA BEVEL GEARS LIMITED

SCHEDULE 5 - INVESTMENTS- CURRENT

	30.09.2010		30.09.2009	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Quoted				
7200 equity shares of Industrial Development Bank of India of Rs 10/- each fully paid		585,000		585,000
Market Value Rs 10,97,280/- (30.09.09-Rs 9,15,840/-)				
Total		<u>585,000</u>		<u>585,000</u>

SCHEDULE 6 - INVENTORIES

	30.09.2010		30.09.2009	
(As certified by the management)	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Imported loose tools and spares		2,013,368		2,013,368
Packing materials		2,816		2,816
Indigenous tools and spares		15,326,118		15,326,118
Raw materials		2,554,755		2,554,755
Work in process		7,110,395		7,110,395
Finished goods		11,075,598		11,075,598
Total		<u>38,083,050</u>		<u>38,083,050</u>



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GAJRA BEVEL GEARS LIMITED

SCHEDULE 7 - SUNDRY DEBTORS

	30.09.2010		30.09.2009	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
<u>Unsecured and Considered Good</u>				
(a) Outstanding for a period exceeding 6 months	148,516,353		150,633,423	
(b) Others	-		-	
	<hr/>	148,516,353	<hr/>	150,633,423
<u>Considered doubtful</u> outstanding for a period exceeding 6 months		150,000		150,000
		<hr/>		<hr/>
Less Provision for doubtful debts		148,666,353 150,000		150,783,423 150,000
Total		<hr/> <u>148,516,353</u>		<hr/> <u>150,633,423</u>

SCHEDULE 8 - CASH AND BANK BALANCES

	30.09.2010		30.09.2009	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Cash on hand		-		-
<u>Balance with scheduled banks</u>				
On Current accounts	160,980		160,980	
*On Deposit accounts	<u>1,273,007</u>	1,433,987	<u>1,273,007</u>	1,433,987
*(Deposit receipts for Rs 1273007/- (30.09.08 - Rs 1273007/-) have been pledged as margin against bank guarantees/letters of credit)				
Total		<hr/> <u>1,433,987</u>		<hr/> <u>1,433,987</u>



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GAJRA BEVEL GEARS LIMITED

SCHEDULE 9 - LOANS AND ADVANCES

(Unsecured and considered good
unless otherwise stated)

	30.09.2010		30.09.2009	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Advances recoverable in cash or in kind or for value to be received				
Considered good	6,719,851		5,419,563	
Considered doubtful	64,462		64,462	
	<u>6,784,313</u>		<u>5,484,025</u>	
Less Provision for doubtful advances	64,462		64,462	
		<u>6,719,851</u>		5,419,563
Income tax payments less provision		8,571,059		8,571,059
Security Deposits		5,200,959		5,210,042
Total		<u>20,491,869</u>		<u>19,200,664</u>

SCHEDULE 10 - CURRENT LIABILITIES AND PROVISIONS

	30.09.2010		30.09.2009	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
a) <u>Current Liabilities</u>				
Sundry creditors, Statutory Liabilities & Expenses payable		95,206,690		95,288,190
b) <u>Provisions</u>				
Gratuity	17,424,235		17,424,235	
F B Tax / TDS	92,395		92,395	
Leave encashment	1,461,376		1,461,376	
Audit & Certification Fee	28,000		53,000	
Advocate Fee	50,000		50,000	
		<u>19,056,006</u>		<u>19,081,006</u>
Total		<u>114,262,696</u>		<u>114,369,196</u>



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GAJRA BEVEL GEARS LIMITED**SCHEDULE 11 - MISCELLANEOUS EXPENDITURE**
(TO THE EXTENT NOT WRITTEN-OFF OR ADJUSTED)

	30.09.2010		30 09 2009	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
DEFERRED REVENUE EXPENDITURE				
a) Research and development expenditure (Net of recoveries)	15,699,472		17,415,550	
Less Amortisation during the year	<u>1,716,078</u>		<u>1,716,078</u>	
		13,983,394		15,699,472
b) Technical know-how fees/ Exhibition expenses (see note 1(ix) to Schedule 17)		5,296,022		5,296,022
Total		<u>19,279,416</u>		<u>20,995,494</u>

SCHEDULE 12 - MISCELLANEOUS INCOME

	30.09.2010		30 09 2009	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Reversal of Provision for diminution in value of investments		-		49,680
Dividend from IDBI Shares		54,000		-
Total		<u>54,000</u>		<u>49,680</u>

SCHEDULE 13 - COST OF MATERIALS CONSUMED

	30.09 2010		30 09 2009	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
RAW MATERIALS				
Opening Stock	2,554,755		2,554,755	
Add Purchases	<u>2,554,755</u>		<u>2,554,755</u>	
Less Stock at close	<u>2,554,755</u>		<u>2,554,755</u>	
Packing Materials				
Total				



GAJRA BEVEL GEARS LIMITED

SCHEDULE 14 - OTHER EXPENSES

	30.09.2010	30.09.2009
	<u>Rupees</u>	<u>Rupees</u>
Rates and taxes	2,500	2,500
Rent	150,540	1,500
Director's sitting fees	-	-
Miscellaneous expenses	2,336,403	2,015,215
Total	<u>2,489,443</u>	<u>2,019,215</u>

SCHEDULE - 15 - INTEREST

	30.09.2010	30.09.2009
	<u>Rupees</u>	<u>Rupees</u>
<u>Interest</u>		
Provided for 18% Redeemable Non- Convertible Debentures	3,748,483	3,176,681
Total	<u>3,748,483</u>	<u>3,176,681</u>

SCHEDULE 16 - (INCREASE)/DECREASE IN STOCK OF FINISHED GOODS AND WORK-IN-PROCESS

	30.09.2010	30.09.2009
	<u>Rupees</u>	<u>Rupees</u>
<u>Opening Stock</u>		
Finished goods	11,075,598	11,075,598
Work-in-process	<u>7,110,395</u>	<u>7,110,395</u>
<u>Less Closing Stock</u>		
Finished goods	11,075,598	11,075,598
Work-in process	<u>7,110,395</u>	<u>7,110,395</u>
Total	<u>-</u>	<u>-</u>



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GAJRA BEVEL GEARS LIMITED

SCHEDULE 17

I. Significant of Accounting Policies:

❖ The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the standards on accounting issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act, 1956. The significant accounting policies are as follows :

i) **Fixed assets:** - Fixed assets are stated at cost less accumulated depreciation. Cost of plant and machinery includes interest on borrowings till the date of commissioning of the assets.

Depreciation is provided on the "Straight line basis" at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except in the case of lease hold land which is amortised over the period of the lease.

ii) **Inventories:** - Inventories are valued at the lower of cost and net realisable value except in the case of tools in stores and spares which are valued at cost and tools in Tool Crib which are valued at book value. The cost of purchased materials is determined on the basis of first in first out method. The cost of work-in-process and manufactured goods includes direct material cost, direct labour cost and appropriate factory overheads computed on the basis of normal utilisation of the production capacity. The cost of tools in Tool Crib is amortised over useful life of the tools. Consumables are charged to the Profit and Loss Account in the year of purchase.

iii) Current Investments are carried at fair value.

iv) Excise Duty paid/payable on production is charged to profit and loss account in the year of manufacture and accordingly included while valuing closing stock.

v) Specific debts and loans and advances, identified as irrecoverable or doubtful are written off or provided for respectively. All the debts and loans and advances though shown recoverable and considered good have become time barred and no provision has been made in accounts for their bad and doubtfulness.

vi) **Conversion/translation of foreign currency transactions:-** There has not been any conversion / translation of foreign currency transaction.

Current assets and current liabilities outstanding on balance sheet date are translated on the dated exchange rates and the resulting gains/losses are recognised in the profit and loss account.

vii) **Revenue Recognition :** - There has not been any sale of goods and services during the year.

viii) **Research & Development Expenditure :-** 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.



(ix) **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.

- (x) **Retirement benefits:** - Retirement benefits to employees are provided for by way of provident fund, gratuity and leave encashment. The monthly contributions to provident fund are charged to revenue account. Provision for gratuity is made on the basis of an actuarial valuation for all employees done on the balance sheet date. Provision for leave encashment is based on an actuarial valuation as on the balance sheet date of the liability arising on cessation/termination of services of the employees.

2. **Contingent Liabilities :**

A.

(a) Claims against the Company not acknowledged As debts in respect of:	30.09.2010 Rupees In Lacs	30.09.2009 Rupees In Lacs
(i) Sales/Entry Tax matters pending under appeal / Revision	314.71	588.89
(ii) Excise Duty	48.51	48.51
(iii) Other	4.01	4.01
(iv) In respect of amount of interest liability/ Penalty on delayed / non-payment/ non & late deduction of statutory dues	Amount un- ascertainable	Amount un- ascertainable
(b) Income Tax Matters pending under appeal	56.32	56.32

- B. (i) Contingent liabilities that may arise due to delayed / non-compliance of certain fiscal statutes and claims lodged by the ex-employees- amounts are unascertainable (30.09.2009- amount unascertainable).

(ii) The financial liabilities on the account of legal cases pending against the company amounts are on unascertainable (30.09.2009-amount unascertainable).

- C. Estimated amount of the contract remaining to be executed on Capital Account and not provided for **Rs.4593589/-** (30.09.09 - Rs.4593589/-).

3. (a) 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.

- (b) As stated in note 3(a) 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.

Contd..3



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	30.09.2010	30.09.09
	<u>Rupees</u>	<u>Rupees</u>
4. Remuneration to the Auditors :		
Audit fees	25000	50000
For other services (certificates)	12000	12000
Out of pocket expenses	<u>NIL</u>	<u>NIL</u>
	<u>37000</u>	<u>62000</u>
5. Managerial Remuneration :		
Salary	NIL	NIL
Contribution to P.F./ Provision for gratuity	NIL	NIL
Perquisites	NIL	NIL
Directors sitting fees	<u>NIL</u>	<u>22000</u>
	<u>NIL</u>	<u>22000</u>

NOTE: -

(1) The writ petition filed by the Company and admitted by the Honorable High Court, Mumbai for the payment of minimum remuneration of Rs.1,27,307/- to the Late Managing Director for the period 01.04.1979 to 30.09.1981 (being the date of expiry of the terms of appointment of the Managing Director) has not come up for hearing. The Company has applied for the approval of the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, for the re-appointment of the Managing Director for the period from 01.10.1981 to 30.09.1986, on the terms and conditions approved by the shareholders in the General Meeting of the Company. The total remuneration of Rs.6,05,207/- for the period from 01.04.1979 to 30.09.1986 has not been paid.

(2) In view of financial sickness of the Company, the provision for the Managerial Remuneration to Managing Director has not been made in the accounts for the years ended 30.09.2007, 30.09.2008, 30.09.2009 and 30.09.2010 which otherwise works out to as follows :

	<u>30.09.2010</u>	<u>30.09.2009</u>	<u>30.09.2008</u>	<u>30.09.2007</u>
Salary	Rs.480000/-	Rs.480000/-	Rs.480000/-	Rs. 480000/-
Contribution to Provident Fund & Provision for Gratuity	Rs. 62766/-	Rs. 62766/-	Rs. 62766/-	Rs. 62766/-
perquisites	Rs. 240000/-	Rs. 240000/-	Rs. 240000/-	Rs. 240000/-

6. Raw Materials Consumed :

Raw Materials (Forging consumed)	<u>30.09.2010</u>		<u>30.09.2009</u>			
	Value In %	Qty.(In M.Tons)	Value Rs.	Value In %	Qty (In M.Tons)	Value Rs.
Indigenous	100%	NIL	NIL	100%	NIL	NIL



ing.

Contd./4



7. (a) Licensed Capacity/Installed Capacity, Actual Production, Opening Stock, Closing Stock & Sales of goods manufactured

Class of goods	Unit of measurement	Capacities		Production Quantity	Opening Stock		Closing Stock		Sales	
		Licensed	Installed		Quantity	Value	Quantity	Value	Quantity	Value
Ring Gear & Pinion M.T	M.T	5,700 (5,700)	4,027 (4,027)	- (19,840)	41,497 (41,497)	5,990,957 (5,990,957)	41,497 (41,497)	5,990,957 (5,990,957)	- (-)	- (-)
Differential Gears & M.T	M.T	1,300 (1,300)	1,173 (1,173)	- (7,529)	19,158 (19,158)	3,850,971 (3,850,971)	19,158 (19,158)	3,850,971 (3,850,971)	- (-)	- (-)
Rear Axle Shaft	Nos.	75,000 (75,000)	47,520 (47,520)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Cam Shaft	Nos.	24,000 (24,000)	23,760 (23,760)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Transmission Gears M.T.	M.T	1,500 (1,500)	629 (629)	- (-)	0,080 (0,080)	16,217 (16,217)	0,080 (0,080)	16,217 (16,217)	- (-)	- (-)
Auto Transmission	Nos	-	-	-	-	-	-	-	-	-
Gears Parts (New)	Nos	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Manufacturing services		-	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Excise Duty		-	(-)	(-)	-	1,217,453 (1,217,453)	-	1,217,453 (1,217,453)	-	- (-)
Sub Total (a)						11,075,598 (11,075,598)		11,075,598 (11,075,598)		- (-)



7 (b) Purchases, Opening Stock, Closing Stock & Sales of goods traded.

	Purchases		Opening Stock		Closing Stock		Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Ring Gear & Pinion	-	-	-	-	-	-	-	-
Differential Gears & Gear Kits	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transmission Gears	-	-	-	-	-	-	-	-
Others	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Sub Total (b)	-	-	-	(-)	-	(-)	-	(-)
Grand Total (a+b)				11,075,598 (11,075,598)		11,075,598 (11,075,598)		-

Notes :-

i. Licenced capacity represents capacity registered with the Directorate General of Technical Development / Secretariat for Industrial Approvals.

ii. Installed capacity is as certified by the management but not verified by the Auditors being a technical matter.

iii. Figures in the brackets relate to 30.09.2009




- 8 The quantities of sales, stock, raw materials consumed and production (in notes 6 & 7 above) have been converted from units/pairs to metric tones on the basis of standard conversion factors which have been certified by the management.

	<u>30.09.10</u> <u>Rupees</u>	<u>30.09.09</u> <u>Rupees</u>
9. C.I.F. value of imports		
Loose tools and maintenance spares	NIL	NIL
10. Expenditure in foreign currency (Payment basis) :		
(i) Foreign travel	NIL	NIL
11. FOB value of exports, including exports to countries where payment is receivable in Rupees		
Rs. NIL (30.09.09 Rs. NIL) and exports made through third parties Rs.NIL (30.09.09 – Rs. NIL) where payment is receivable in Rupees.	NIL	NIL
12. Other foreign currency income	NIL	NIL
13. Research & Development expenditure as certified by the Company (net of recoveries) charged to the profit and loss account (including amortized portion of the deferred expenditure Rs.1716078/- (30.09.09 – Rs.1716078/-) and depreciation on machines used for R & D Rs. NIL (30.09.09 Rs. NIL)		
14 a. Sundry Debtors includes Rs. 22848088/- (30.09.09- Rs.22848088/-) due from a concern of which a Director was the proprietor till 06.11.1999. Maximum amount due at any time during the period from the said concerns is Rs.22848088/- (30.09.09 Rs.22848088/-)		
(b) Loans and Advance includes amounts due from private limited company in which some of the Directors are members Rs.41252/- (30.09.09- Rs.41252/-). Maximum amount due at any time during the year from the said company is Rs.41252/- (30.09.09-Rs.41252/-)		

15. CURRENT ASSETS, LOAN & ADVANCES

- a) In the opinion of the management and to the best of their knowledge and belief the aggregate value of current assets and loans and advances on realization in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.
- b) Balances under the head sundry debtors, loans and advances, creditors and others are subject to confirmation/ re-reconciliation. Adjustments, if any, will be accounted for as and when confirmed / reconciled.
16. Sundry Debtors include Rs.4824150/- (30.09.09- Rs.4824150/-) due from some of the ex-distributors/customers of the company. 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.



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17. The entire net worth of the Company had been eroded on account of the losses of year ended on 30.09.08. Based on the Balance Sheet of the Company as on 30.09.08 the company has filed the reference U/s.15(1) of SIC (SP) Act, 1985 before BIFR, and the same has been registered as case No. 27/2009 on 13.07.2009. The BIFR vide its order of bearing held on 06.01.2010 declared the Company a SICK INDUSTRIAL COMPANY in terms of section 3(1) (c) of Sick Industrial Companies (Special Provisions) Act 1985 and appointed IDBI as the Operating Agency (OA). The Operating Agency is in process to formulate a rehabilitation scheme for revival of the Company. Meantime, the promoters of the Company are putting best of their efforts for One Time Settlement (OTS) of loans from the Secured Lenders.

18. Owing to the financial sickness, there is no production / business activity in the company after 31st Oct.2006.

19. Being the company under BIFR, interest on the loans from financial institutions has not been provided for in the accounts for the year ended on 30.09.2007, year ended 30.09.2008, 30.09.2009 and 30.09.2010 which otherwise works out to as follows:-

Nature of Loan	Interest amount			
	Year ended 30.09.2010	Year ended 30.09.2009	Year ended 30.09.2008	Year ended 30.09.2007
State Bank of India Loans	2,86,06,889	2,86,06,889	2,86,06,889	2,61,49,376
IDBI Loans	72,47,618	72,47,618	72,47,618	72,47,618
MPAVN Loan	5,05,574	5,05,574	5,05,574	5,05,574
MPSIDC (ICD) Loan	33,55,665	33,55,665	33,55,665	33,55,665
MPFC Loans	1,17,26,560	1,17,26,560	1,17,26,560	1,17,26,560
Total Rs.	5,14,42,306	5,14,42,306	5,14,42,306	4,89,84,793

20. In view of no manufacturing / business activity in the company through out the years ended on 30.09.2008, 30.09.2009 and 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:

	For The Year Ended		
	30.09.2010	30.09.2009	30.09.2008
(1) Salaries and Wages	Rs. 7922551	Rs. 7922551	Rs. 10509096
(2) Dearness Allowances	Rs. 13414928	Rs. 13414928	Rs. 16368140
(3) Other Allowances	Rs. 5463326	Rs. 5463326	Rs. 7609318
(4) Contribution to P.F.	Rs. 3014321	Rs. 3014321	Rs. 3225423
(5) Contribution to ESIC	Rs. 1550381	Rs. 1550381	Rs. 1986633
TOTAL	Rs. 31365507	Rs. 31365507	Rs. 39698610

21. No provision of TDS has been made on the provisions made on tentative basis in respect of professional fees.

22. All the loan / deposit accounts with State Bank of India remained seized through out the years ended on 30.09.2008, 30.09.2009 and 30.09.2010 therefore, no provision has been made in accounts for the interest earned on margin money deposits with the bank which was in the year ended on 30.09.2007 was at Rs. 198198/-

23. **Borrowing Costs :**

None of the borrowing costs incurred during the year are attributable to the acquisition of fixed assets, hence reporting under Accounting Standard – 16 "Borrowing Cost" does not arise.



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24. **Segment Reporting:**
The company is engaged in the business of manufacturing and marketing of automobile components falling within the single segment business of automobiles components. The company is managed as one entity and is governed by similar set of risks and returns.

As the company operates in a single segment, the reporting requirement prescribed in Accounting Standard – 17 are not applicable to the Company and have not been provided in this financial statement.

25. **Related Parties:**
Disclosure in respect of related party transactions for the year ended 30.09.2009 are given below:-

(A)

(i) Holding Company

Nil

(ii) Subsidiary Company

Nil

(iii) Associate of the Company and concern in which Key Management Personnel have significant influence. Transaction during the year ended 30.09.2009 Rs. NIL.

1. M/s. Garha Gears Ltd

2. M/s. Garha Utilbrocce Tools Ltd.

3. M/s. S&H Gears Pvt. Ltd.

4. M/s. Garha Auto Distributors.

5. M/s. Kshipra Gears

6. M/s. Garha Tours & Travles

(iv) Concerns in which the reporting company has substantial interest (Voting power of 20% or more).

Nil

(v) Key management personnel

1. Shri Surendra Singh - Managing Director

2. Shri Ranveer Singh - Director

- (B) Transactions with related parties during the year and outstanding balances as on 30.09.2010.



S.No	Transactions	Associate Concerns	Key management Personnel	Total
		Rupees	Rupees	Rupees
01	Purchase of goods	NIL	NIL	NIL
02	Sale of goods	NIL	NIL	NIL
03	Rendering of services	NIL	NIL	NIL
04	Receiving of services	NIL	NIL	NIL
05	Remuneration / sitting fees	NIL	NIL	NIL
06	Due to related parties on balance sheet date	2263979	NIL	2263979
07	Due from related parties on balance sheet date	94934781	NIL	94934781

26. During the year company has not entered into any Lease transactions. Hence reporting under "Accounting Standard – 19" does not arise.

27. **EARNING PER SHARE :**

Earning per share	30.09.2010	30.09.2009
	(Rupees)	(Rupees)
Profit computation for both basic and Diluted earning per Share of Rs. 10/- each		
Net profit available for Equity Shareholders	(7142424)	(6104714)
Weighted average number of Equity Share outstanding		
Basic and diluted earning per equity share of face value Of Rs. 10/- each	(0.76)	(0.64)

28. The Company does not have any subsidiary / Holding Company. Hence, reporting under "Accounting Standard – 21 " does not arise.

29. Taxes on Income :-

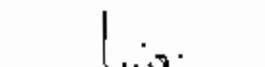
A. Deferred Taxes: The Company has unabsorbed carry forward losses/ depreciation available for set-off under the Income Tax Act, 1961. However, in view of present uncertainty regarding generation of sufficient future income, net deferred tax assets at the year end including related credit / charges for the year have not been recognised in these accounts on prudent basis.

B. Current Taxes: In view of the carry forward unabsorbed losses / depreciation, the Company does not expect any current tax liability for the Financial Years 2008-09 and 2009-10 (Assessment Years 2009-10 and 2010-11) and hence no provision has been made for the current Income Tax .

30. Previous year figures have been re-grouped and re-arranged wherever necessary.




Ranveer Singh
Director


Surendra Singh
Managing Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
AS PER PART (IV) OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

1. Registration Details

Registration No	1598	State Code	10
Balance Sheet Date	30.09.2010		

2. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	511857	Total Assets	511857
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Sources of Funds

Paid up Capital	94042	Reserve & Surplus	21684
Secured Loans	396131	Unsecured Loans	NIL
Share Application Money	NIL	Deferred Credits	NIL

Application of Funds

Net Fixed Assets	9660	Investments	585
Net Current Assets	94263		
Profit & Loss Account	388070	Misc. Expenditure	19279

4. Performance of Company (Amount in Rs. thousands)

Turnover	NIL	Total Expenditure	7196
Profit/(Loss) Before Tax	(7142)	Profit/(Loss) After Tax	(7142)
Earning per share in Rs	(0.76)	Dividend	NIL

5. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

<u>Item Code No.</u>	<u>Product Description</u>
8 7 0 8 9 9 0 0	AUTOMOTIVE GEAR
8 7 0 8 5 0 0 0	DRIVE AXLE
8 4 8 3 1 0 0 0	CAM SHAFT



FORM OF PROXY
GAJRA BEVEL GEARS LIMITED

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

Regd. Folio No..... No. of Shares held.....
--

I/We.....of.....in the district ofbeing the member/members of the above named company hereby appointed.....of.....in the district ofor failing himofin the districtas my/our proxy to vote for me/us on behalf at the Annual General Meeting of the Company to be held on Friday the 31st Dec., 2010 at 11.30 A.M. and at any adjournment thereof.

Signed thisDay of2010.

Signature.....
(On revenue stamp)

Note:

The proxy and the power of attorney (if any) under which it is signed or a notarially certified copy of that power must be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.

.....

ATTENDANCE SLIP
GAJRA BEVEL GEARS LIMITED

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

(To be handed over duly filled in the entrance of the meeting hall)

Regd. Folio No..... No. of Shares held.....
--

Name of the attending Member/Proxy* (in Block Letters).....

Member's Folio No.....

No of Shares held.....

I hereby record my presence at Annual General Meeting held on 31st December, 2010.

Signature