

DECCAN BEARINGS LIMITED

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Balance Sheet

as on

31.03.2004

CERTIFIED TRUE COPY.
For DECCAN BEARINGS LTD.


Executive Director.

Board of Directors	MR KIRAN N.VORA MR.BARUKH W.CHRISTIAN MR.RAJEEV D.SHENVI MR.ABHAY V.KOTHARI
Auditors	M/S.D.V.VORA & CO. Chartered Accountants 4, Bhangwadi, Kalbadevi Road, Mumbai 400 002
Bankers	STATE BANK OF INDIA
Registered Office	315/321, Prospect Chambers, 2nd Floor, Dr.D.N.Road, Fort, Mumbai 400 001
Works	2011 - GIDC Halol, Dist.Panchmahal, Gujarat. Survey No.:30/1, Shapar, Tal: Kotdasangani, Dist: Rajkot, Gujarat.

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NOTICE

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of the Members of DECCAN BEARINGS LIMITED will be held at the Registered Office at 315/321, Prospect Chambers, 2nd Floor, Fort, MUMBAI - 400 001 on Thursday, 30th September, 2004 at 11 a.m. to transact the following business:

ORDINARY BUSINESS:

- 1] To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
- 2] To appoint a Director in place of Mr. R. D. Shenvi, who retires by rotation and being eligible, offers himself for re-appointment.
- 3] To appoint a Director in place of Mr. Abhay V. Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
- 4] To appoint Auditors and to fix their remuneration.

By Order of the Board of Directors

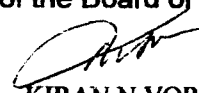

KIRAN N. VORA
Managing Director

Registered Office
315/321, Prospect Chambers,
Dr.D.N.Road, Fort,
MUMBAI - 400 001
Mumbai, Dated: 22nd July, 2004

NOTES:

- a] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b] The Register of Members and Share Transfer Books of the Company will be closed from 28th September 2004 to 30th September 2004 [both days inclusive].
- c] Members intending to require information about accounts to be explained in the meeting are requested to inform the Company in writing at least seven days in advance of the Meeting.
- d] Shareholders are requested to bring their copies of the Annual Report at General Meeting.
- e] Shareholders are requested to notify change in address, if any, at the Registered Office of the Company, quoting their Folio Numbers.

By Order of the Board of Directors


KIRAN N. VORA
Managing Director

Registered Office
315/321, Prospect Chambers,
Dr.D.N.Road, Fort,
MUMBAI - 400 001
Mumbai, Dated: 22nd July, 2004

DIRECTORS' REPORT

The Members,

DECCAN BEARINGS LIMITED

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the audited accounts for the period ended 31st March, 2004.

1. FINANCIAL RESULTS:	<u>31.03.2004</u>	<u>31.03.03</u>
Net Profit before providing for Depreciation	35,21,629	43,13,625
Less: Depreciation	20,11,488	20,77,670
	<hr/>	<hr/>
Profit after providing Depreciation	15,10,141	22,35,955
Less: .i] Provision for Tax		
A] Current Tax	10,05,000	5,10,000
B] Deferred Tax	(5,23,772)	(8,17,630)
	<hr/>	<hr/>
	4,81,228	(3,07,630)
Profit after Taxation	10,28,913	25,43,585
Add: Balance brought forward from previous year	15,47,209	52,92,121
	<hr/>	<hr/>
Less: Deferred Tax Liability upto 31.03-2002	—	57,88,497
	<hr/>	<hr/>
Amount available for Appropriation	25,76,122	20,47,209
	<hr/>	<hr/>
Appropriation:		
Transfer to General Reserve	5,00,000	5,00,000
Balance carried forward to Balance sheet	20,76,122	15,47,209
	<hr/>	<hr/>
	25,76,122	20,47,209
	<hr/>	<hr/>

2. DIVIDEND:

In view of the need to conserve the resources for the future growth, no dividend has been considered by the Board.

3. PRESENT OPERATIONS & FUTURE OUTLOOK:

During the period under consideration the Company's Sales Turnover suffered significant setback, which was mainly on account of drop in the export sales as compared to the immediate previous year. During the period the Company achieved Sales Turnover of Rs. 10,52,87,809/- and earned net profit before depreciation Rs. 35,21,629/- as against Sales Turnover of Rs. 13,12,69,560/- and net profit before depreciation of Rs. 43,13,625/- against the immediate previous year.

During the present year under consideration the Company has started partly production of rollers on job work basis instead of procuring finished rollers to ensure proper quality of rollers as well as to achieve cost reduction.

4. DIRECTORS:

Mr. R. D. Sherani and Mr. Abhay V. Kotnari Directors retire by rotation and are being eligible, offer themselves for re-appointment.

5. DIRECTORS RESPONSIBILITY STATEMENT

Your Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the Directors have prepared the annual accounts on a going concern basis.

6. AUDITORS:

The Auditors M/s D. V. Vora & Co. Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1) of the Companies Act, 1956.

7. APPOINTMENT OF COST AUDITORS:

M/s V. B. Prabhudesai & Co. have been appointed to carry out the cost audit.

8. PARTICULARS OF EMPLOYEES:

There were no employees drawing remuneration falling under the provisions of Section 217(2A) of the Companies Act, 1956.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as per Section 217(i)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 has been given in the Annexure-I and form part of this report.

10. APPRECIATION:

Your Directors wish to convey their sincere thanks to State Bank of India, Gujarat Industrial Development Corporation, the valued dealers and customers for their continued support and assistance to the Company.

For and on behalf of the Board of Directors


 KIRAN N.VORA
 Managing Director
Mumbai, Dated: 22nd July, 2004**ANNEXURE - I**

Statement of Particulars under Companies [Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A] CONSERVATION OF ENERGY: Not applicable**B] (i) RESEARCH & DEVELOPMENT (R & D)**

1. SPECIAL AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY:
 R & D activity covers applicants development of new sizes specifically developed for customer requirements.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R & D
 Enlargement of product range and contribution to import substitution program of customers.

3. FUTURE PLAN OF ACTION:
 To cover more users/industries under the fold of application developed program.

4. EXPENSES ON R & D

Development activity being a part of the overall operation, its expenses are not separately accounted for.

(ii) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

During the year on-going product upgradation in terms of quality and productivity was maintained using in house technology. No imported technology was absorbed and the Company's products continue to enjoy international acceptance.

C] FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Foreign Exchange Earnings [Export of Goods(F.O.B.)]	: Rs. 6,01,99,925/-	(Rs.9,02 79,716/-)
2. Foreign Exchange Outgo	:	
Travelling	Rs. 49,875/-	(Rs. 98,439/-)
Imports (Trading Goods on C.I.F.)	Rs. 16,26,303/-	(Rs. Nil)

For and on behalf of the Board of Directors


 KIRAN N.VORA
 Managing Director
Mumbai, Dated: 22nd July, 2004

AUDITORS' REPORT

TO,

THE MEMBERS OF
DECCAN BEARINGS LIMITED
MUMBAI.

- 1] We have audited the attached Balance Sheet of **DECCAN BEARINGS LIMITED** as at 31st March, 2004 and also the Profit and Loss Account 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 statement 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 statement are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, An audit also includes assessing 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 [Auditor's Report] Order, ²⁰⁰³2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said order
- 4] Further to our comments in the Annexure referred to in paragraph (3) 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 the books of the Company.
 - (c) The Balance Sheet and the Profit & Loss Account and the Cash Flow Statement dealt with by the Report are in agreement with the Books of Account of the Company;
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the Profit & Loss account and the Balance Sheet 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 the written representations received from the directors, as on March 31, 2004, and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on March 31, 2004 from being appointed as Director, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the