

Deccan Bearings Limited

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Balance Sheet
As on
31st March, 2006

DECCAN BEARINGS LIMITED

Board of Directors	MR KIRAN N. VORA MR. BARUKH W. CHRISTIAN MR. RAJEEV D. SHENVI MR. ABHAY V. KOTHARI MR. VINAY H. TENDULKAR MR. MAURESH S. PAI
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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DECCAN BEARINGS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty First Annual General Meeting of the Members of DECCAN BEARINGS LIMITED will be held at the B.U.J. Hall, 23/25, Prospect Chambers Annexe, 2nd Floor, 317, D.N. Road, Fort, MUMBAI – 400 001 on Friday, 29th September, 2006 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, 2006 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.

SPECIAL BUSINESS:

- 5] To consider and, if thought fit to pass the following Resolution, with or without modification as an Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the re-appointment and terms of remuneration of Mr. Abhay Kothari, Whole time Director of the Company, designated Executive Director- Materials for a period of five years with effect from 3rd September, 2006 on the terms and conditions set out in the accompanying Explanatory Statement to this Notice"

- 6] To consider and, if thought fit to pass the following Resolution , with or without modification , as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the re-appointment and terms of remuneration of Mr. Barukh William Christian, Whole time Director of the Company, designated Executive Director- Production for a period of five years with effect from 3rd September, 2006 on the terms and conditions set out in the accompanying Explanatory Statement to this Notice"

- 7] To consider and, if thought fit to pass the following Resolution , with or without modification , as an Ordinary Resolution:-

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any of the Companies Act, 1956, Mr. Vinay H. Tendulkar who was appointed as an additional Director of the Company w.e.f. 16th August, 2006 and who holds office upto the date of ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member pursuant to the provisions of section 257(1) of the Companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as Director of the Company liable to retire by rotation."

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- 8] To consider and, if thought fit to pass the following Resolution , with or without modification , as an Ordinary Resolution:-

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any of the Companies Act, 1956, Mr. Mauresh S. Pai who was appointed as an additional Director of the Company w.e.f. 16th August, 2006 and who holds office upto the date of ensuing Annual General Meeting under Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member pursuant to the provisions of section 257(1) of the Companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as Director of the Company liable to retire by rotation."

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: 25th August, 2006

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 26th September 2006 to 29th September 2006 [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.
- f] The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 5.

As per the recommendations of the Remuneration Committee , at its meeting held on 21st August, 2006, has approved the remuneration payable to Mr. Abhay V. Kothan Executive Director - Materials w.e.f. 3rd September, 2006 as set out below. The remuneration as detailed hereunder is within the limits as prescribed under Section II Part II of Schedule XIII of the Companies Act, 1956

DECCAN BEARINGS LIMITED**Salary including Perquisites:**

In the range of Rs.3,50,000/- (Rupees Three Lacs Fifty Thousand Only) to Rs. 4,50,000/-(Rs. Four Lacs Fifty Thousand Only) per annum including maximum 10% increment per year.

ITEM NO. 6:

As per the recommendations of the Remuneration Committee , at its meeting held on 21st August, 2006, has approved the remuneration payable to Mr. Barukh William Christian Executive Director - Production w.e.f. 3rd September, 2006 as set out below. The remuneration as detailed hereunder is within the limits as prescribed under Section II Part II of Schedule XIII of the Companies Act, 1956.

Salary including Perquisites:

In the range of Rs.3,50,000/- (Rupees Three Lacs Fifty Thousand Only) to Rs. 4,50,000/-(Rs. Four Lacs Fifty Thousand Only) per annum including maximum 10% increment per year

ITEM NO. 7:

Mr. Vinay H. Tendulkar was appointed as an additional Director of the Company w.e.f. 16th August, 2006 at its Board meeting held on 31st July,, 2006. Pursuant to provisions of Section 260 of the Companies Act, 1956, Mr. Vinay H. Tendulkar will hold the office as an additional Director upto the conclusion of the ensuing Annual General Meeting . The Company has received a notice in writing from a member proposing the candidature of Mr. Vinay H. Tendulkar for the office of Director under the provision of Section 257(1) of the Companies Act, 1956. Mr. Vinay H. Tendulkar is a Tax Consultant with valuable experience in taxation matters.

ITEM NO. 8:

Mr. Mauresh S. Pai was appointed as an additional Director of the Company w.e.f. 16th August, 2006 at its Board meeting held on 31st July,, 2006. Pursuant to provisions of Section 260 of the Companies Act, 1956, Mr. Mauresh S. Pai will hold the office as an additional Director upto the conclusion of the ensuing Annual General Meeting . The Company has received a notice in writing from a member proposing the candidature of Mr. Mauresh S. Pai for the office of Director under the provision of Section 257(1) of the Companies Act, 1956. Mr. Mauresh S. Pai is Commerce Graduate with good working experience with various reputed Depositories.

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: 25th August, 2006

DECCAN BEARINGS LIMITED**DIRECTORS' REPORT**

The Members,

DECCAN BEARINGS LIMITED

Your Directors have pleasure in presenting the Twenty First Annual Report together with the audited accounts for the year ended 31st March, 2006.

1. FINANCIAL RESULTS:	Year Ended 31.03.2006	Year Ended 31.03.2005
Net Profit before providing for Depreciation	10,76,768	35,71,321
Less: Depreciation	21,16,711	25,59,883
Profit after providing Depreciation	(10,39,943)	10,11,438
Less: Provision for Tax		
A) Current Tax	7,00,000	10,30,000
B) Deferred Tax	1,62,004	(5,39,880)
C) Fringe Benefit Tax	3,25,000	—
	11,87,004	4,90,120
Profit/(Loss) after Taxation	(22,26,947)	5,21,318
Add: Balance brought forward from previous year	29,25,965	20,76,122
Add: Adjustment To Deferred Tax Liability	—	3,28,525
Amount available for Appropriation	6,99,018	29,25,965
Appropriation:		
Balance carried to Balance sheet	6,99,018	29,25,965
	6,99,018	29,25,965

2. DIVIDEND:

In view of the losses incurred during the year, no dividend has been considered by the Board.

3. PRESENT OPERATIONS & FUTURE OUTLOOK:

During the year under consideration, the Company's Sales Turnover declined to Rs. 8,65,78,280/- as compared to Turnover of Rs. 10,44,95,887/- in the immediate previous year. This was mainly due to significant fall in Export Turnover as compared to immediate previous year. To overcome the above situation the Company has carefully designed marketing policies for its business development and is being effectively implemented from time to time.

Since the Company's arrangement at Rajkot for manufacturing bearings has proved to be effective both in terms of cost and quality, the Company has decided not to revive the manufacturing operations at Halol, which was discontinued due to labour problems earlier.

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In terms of the retirement scheme that was made available to the workers of the Halol Unit, most of the workers availed the benefits of the scheme offered by the Company. However, there are few workers who have still not availed the said scheme.

4. DIRECTORS:

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

Mr. Vinay H. Tendulkar & Mr. Mauresh S. Pai, who were appointed as additional Directors of the Company during the year, hold office upto the date of the ensuing Annual General Meeting and are eligible for 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; and the loss of the Company for the year ended on that date.
- (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 frauds 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(1B) 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

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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 and staff members of the Company for their continued support and assistance to the Company.

For and on behalf of the Board of Directors

Mumbai, Dated: 25th August, 2006

KIRAN N.VORA
Managing Director

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.