

Deccan Bearings Limited

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Balance Sheet
As on
31st March, 2007

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.209,Near Kirti
Omi, Veraval (Shapar),
Tal: Kotdasangani,
Dist: Rajkot,
Gujarat.

CONTENTS

Notice	2
Directors' Report	5
Auditors' Report.....	9
Balance Sheet.....	13
Profit & Loss Account.....	14
Cash Flow Statement.....	15
Schedules.	16
Notes on Accounts.....	22
Balance Sheet Abstract.....	27

DECCAN BEARINGS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty Second 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, 28th September, 2007 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, 2007 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. Kiran N. Vora, who retires by rotation and being eligible, offers himself for re-appointment.
- 3] To appoint a Director in place of Mr. Barukh W. Christian, 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 with or without modification, the following Resolutions as SPECIAL RESOLUTION:-

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XII thereto, the approval of the Members be and is hereby accorded to the re-appointment of Mr. Kiran N. Vora as Managing Director of the Company for a period of 5 years with effect from 1st October, 2007, on the terms and conditions including remuneration as set out in the Explanatory Statement attached to this Notice"

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: 21st August, 2007

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 25th September 2007 to 28th September 2007 [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 ten days in advance of the Meeting.

DECCAN BEARINGS LIMITED

- 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 recommendation of the Remuneration Committee, at its meeting held on 17th August, 2007, has approved the remuneration payable to Mr. Kiran N. Vora Managing Director w.e.f. 1st October, 2007 as set out below. The remuneration as detailed hereunder is within the limits as prescribed under Section II Part II of Schedule XII of the Companies Act, 1956.

The term of Mr. Kiran N. Vora as Managing Director of the Company expires on 30th September, 2007. Subject to the approval of Members in General Meeting, the Board of Directors during their meeting held on 21st August, 2007, have approved the re-appointment of Mr. Kiran N. Vora as Managing Director of the Company for a period of 5 years with effect from 1st October, 2007 on the terms and conditions given below.

- A] **Salary :** Salary within the range of Rs.50000/-per month to Rs.75000/-per month as decided by the Board Of Directors from time to time .
- B] **Perquisites:** In addition to the above salary the following perquisites not exceeding the overall ceiling prescribed under Schedule XIII will be provided to him.

Housing : Free residential accommodation or house rent allowance in lieu thereof or house maintenance allowance along with benefits of gas, electricity, water and furnishings.

Medical Reimbursement: Reimbursement of medical expenses for self and family, as per Rules of the Company.

Leave Travel Allowance: For self and family in accordance with the Rules of the Company.

Club Fees : Club fees, subject to a maximum of two clubs.

Personal Accident Insurance: Premium not to exceed Rs.3000/-per annum.

Apart from the above Mr. Kiran N. Vora will also be entitled to the following.

Company's Contribution to Provident Fund: As per the Rules of the Company.

Gratuity: As per the Rules of the Company.

Company's Car & Driver: Use of Company Car and driver on Company's business and personal use.

DECCAN BEARINGS LIMITED

Residential Telephone: The Company shall provide telephone facility at his residence. Telephone facility at the residence will not be considered as perquisite. Personal long distance calls will be billed by the Company to Mr. Kiran N. Vora.

- a] In calculating above ceiling, perquisites shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence on any such rules the perquisites shall be evaluated at actual costs.
- b] Company's contribution to Provident Fund (not exceeding the limits laid down under existing rules thereof) shall not be included in the computation of limits for remuneration aforesaid.
- c] Gratuity as per Company's rules shall also not be included in the computation of limits for remuneration aforesaid.

Provided that the aggregate of Salary and Perquisites shall not exceed Rs. 12 Lacs per annum.

The Board of Directors recommend the above resolution for your approval.

The terms and conditions of Mr. Kiran N. Vora's appointment set out above, may be treated as an abstract under Section 302 of the Companies Act, 1956.

Mr. Kiran N. Vora Managing Director may be deemed to be concerned or interested in this resolution.

None of the other Directors of the Company are, in any way, concerned or interested in this resolution.

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: 21st August, 2007

DECCAN BEARINGS LIMITED

DIRECTORS' REPORT

The Members,

DECCAN BEARINGS LIMITED

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the audited accounts for the year ended 31st March, 2007.

1. FINANCIAL RESULTS:	Year Ended 31.03.2007	Year Ended 31.03.2006
Net Profit before providing for Depreciation	(17,46,777)	10,76,768
Less: Depreciation	17,29,804	21,16,711
Profit after providing Depreciation	(34,76,581)	(10,39,943)
Add/(Less): Provision for		
A] Current Tax	(3,75,000)	(7,00,000)
B] Deferred Tax	14,60,007	(1,62,004)
C] Fringe Benefit Tax	(2,40,000)	(3,25,000)
Profit/(Loss) after Taxation	(26,31,574)	(22,28,947)
Add: Balance brought forward from previous year	6,99,018	29,25,965
Less: Provision for Tax for Earlier Years	9,35,152	---
Amount available for Appropriation	(28,67,708)	6,99,018
Appropriation:		
Balance carried to Balance sheet	(28,67,708)	6,99,018

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 local turnover which has higher profitability has increased whereas there is a fall in the export turnover of the Company, overall resulting in the decline of the total Turnover from Rs. 8,65,78,280/- in the previous year to Rs.7,64,18,689/- in the Current Year, due to a sharp increase in the value of Indian Rupee against the US dollar as well as reduction in the export incentives given by the Government against exports making it more difficult to compete with other international foreign Companies.

DECCAN BEARINGS LIMITED

The Company is making special efforts to increase the Local Turnover which gives better profitability. On the export front the Company is making vigorous effort to increase its overall exports by trying to export to various new markets.

4. DIRECTORS:

Mr. Kiran N. Vora and Mr. Barukh W. Christian, 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, 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 detecting and preventing 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.

DECCAN BEARINGS LIMITED

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 forms 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



KIRAN N.VORA
Managing

Mumbai, Dated: 21st August, 2007
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 application 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

The expenses on development activity being a part of the overall operation, are not separately accounted for.