DECCAN BEARINGS LIMITED

BALANCE SHEET AS ON 31ST MARCH 2012

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty Seventh Annual General Meeting of the Members of DECCAN BEARINGS LIMITED will be held at the B.U.J. Hall, 23/25, Prospect Chambers Annex, 2nd Floor, 317, D.N. Road, Fort, MUMBAI – 400 001 on Friday, 28th September 2012 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, 2012 and the Statement of Profit and Loss 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 Nagindas Vora, who retires by rotation and being eligible, offers himself for re-appointment.

3] To appoint a Director in place of Mr. Barukh Williams 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 Resolution as a 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 Members be and is hereby accorded to the re-appointment of Mr. Kiran N. Vora as the Managing Director of the Company for a period of five years with effect from 1st October, 2012, on 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: 4th September, 2012

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 2012 to 28th September 2012 [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.

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.

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, as its meeting held on 11th August, 2012 has approved the remuneration payable to Mr. Kiran N. Vora, Managing Director with effect from 1st October, 2012 as set out below. The remuneration as detailed hereunder is within the limit 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, 2012 subject to the approval of the Members in General Meeting, the Board of Director during their meeting held on 4th September, 2012, 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, 2012 on terms and conditions given below:

A] **Salary** : Salary within range of Rs. 75000/- Per month to Rs.100000/- Per month as decided by 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 benefit 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 & family in accordance with the Rules of the Company

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

Personal Accidental Insurance : Premium not to exceed Rs. 3000/- per annum.
Apart from above Mr. Kiran N. Vora also be entitled to the following

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

Gratuity : As per Rules of the Company

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

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

a) In calculating the above ceiling, perquisites shall not 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 limit laid down under existing rules thereof) shall not be included in the computation of limits of remuneration aforesaid.

c) Gratuity as per Company's rules shall also not be included in the computation of limits for remuneration aforesaid .

Provided the aggregate of salary & perquisites shall not exceed Rs. 15 Lacs per annum.
The Board of Directors recommended the above resolution for your approval.
The terms & conditions of Mr. Kiran N. Vora's appointment set out above, may be treated as an abstract Under Section 302 of the Company's 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: 4th September, 2012

DIRECTORS' REPORT

The Members,

DECCAN BEARINGS LIMITED

Your Directors have pleasure in presenting the Twenty Seventh Annual Report together with the audited accounts for the year ended 31st March, 2012.

1. FINANCIAL RESULTS:	Year Ended 31.03.2012	Year Ended 31.03.2011
Net Profit before providing for Depreciation	11,20,527	10,05,349
Less: Depreciation	9,49,964	9,02,072
Profit after providing Depreciation	1,70,563	1,03,277
Add/(Less): Provision for		
A] Deferred Tax	(89,776)	2,15,827
B] Income Tax	(2,40,000)	(1,80,000)
Profit/(Loss) after Taxation	(1,59,213)	1,39,104
Add: Balance brought forward from previous year	(30,44,520)	(35,05,330)
Add: Excess Provision for Tax for Earlier	-------	3,21,706
Amount available for Appropriation	(32,03,733)	(30,44,520)
Appropriation:		
Balance carried to Balance sheet	(32,03,733)	(30,44,520)

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 year under consideration, the Company has mainly focused on increasing the range of the Company's products with a view to create additional customer base and thereby increase the Turnover of the Company. The strategy succeeded and the total sales of the company increased by about 5% inspite of heavy recessionary trends and lower demand in the industrial sectors. Although the exports of the company suffered due to the disturbed middle east markets, the local sales did well due to wider range of our products and increased customer base.

The Indian economy continues to remain sluggish and the industrial consumption low. The GDP projections for the coming year has been revised downward by the government. However, it is expected to improve in the later part of the year.

Overall, the Company expects to achieve its sales and profit targets during the year ahead, with better sales networking and further increase in its product range.

4. DIRECTORS:

Mr.Kiran N. Vora and Mr.Barikh 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 judgment 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 profit 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. PARTICULARS OF EMPLOYEES:

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

8. 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.

9. APPRECIATION:

Your Directors wish to convey their sincere thanks to State Bank of India, the valued dealers and customers and staff members and shareholders 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 Director

Mumbai, Dated: 4th September, 2012

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.

(ii) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

During the year on-going product upgradation in terms of quality and productivity was maintained using inhouse 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. 15,16,575/-	(Rs.93,03,531/-)
2. Foreign Exchange Outgo	:		
Traveling		Rs. 2,30,034/-	(Rs.2,12,456/-)
Imports			
Raw – Materials on C.I.F.		Rs. 29,95,597/-	(Rs.20,44,664/-)
Trading Goods on C.I.F.		Rs.1,77,53,757/-	(Rs.26,39,465/-)

For and on behalf of the Board of Directors

KIRAN N.VORA
Managing Director

Mumbai, Dated: 4th September, 2012