

**ABC**

**ABC Bearings Limited**

**49**

**Annual Report  
2009-2010**



The Directors and CEO, during the 1<sup>st</sup> ever outside India Distributors Conference 2010 in Pattaya, Thailand



Chairman, Mr. S M Patel, appreciating Mr. Rajesh Juneja of State Motors, Delhi for his performance in the year 2009-10 during the Distributors Conference 2010 at Pattaya, Thailand

<b>BOARD OF DIRECTORS</b>	S.M. Patel	- Chairman
	P.M. Patel	- Managing Director
	T.M. Patel	- Executive Director
	C.U. Shah	
	Y.H. Malegam	
	S.K. Diwanji	
	Jal R. Patel	
<b>C.E.O.</b>	Aly Moreno	
<b>COMPANY SECRETARY</b>	S.B. Desai	
<b>AUDITORS</b>	Parikh & Shah	
	Chartered Accountants	
<b>COST AUDITORS</b>	B.J.D Nanabhoy & Co.	
	Cost Accountants	
<b>SOLICITORS</b>	Desai & Diwanji	
	Advocates & Solicitors	
<b>BANKERS</b>	Corporation Bank	
	Axis Bank Ltd.	
	Kotak Mahindra Bank Ltd.	
	Yes Bank Ltd.	
	IDBI Bank Ltd.	
<b>REGISTERED OFFICE</b>	402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai-400 018. Phone: 022-24964500, 24964501, 66608851 Fax : 022-24950527 E-mail: regdoff@abcbearings.com	
<b>REGISTRARS &amp; TRANSFER AGENTS</b>	Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072. Tel.: 022-28470652/28470653 40430200 Fax: 022-28475207 E-mail: marketing@bigshareonline.com	
<b>WORKS</b>	1. GIDC Industrial Estate, Bharuch - 392 015, Gujarat State. Phone: 02642 - 248222/3/4, 246353 Fax : 02642 - 247591 E-mail: mktbrh@abcbearings.com	
	2. Khasra No.122 MI, Central Hope Town, Village: Selaqui, Tehsil: Vikas Nagar, Dehradun-248197, Uttarakhand.	

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## NOTICE

NOTICE is hereby given that the Forty-ninth Annual General Meeting of the Members of **ABC Bearings Limited** will be held on Friday, the **6<sup>th</sup> August, 2010 at 4.00 p.m.** at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. C.U. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Y.H. Malegam, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 309(4)(b) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government under Section 310 of the Companies Act, 1956, the Non Wholetime Directors of the Company be paid remuneration by way of commission not exceeding 1% of the net profits of the Company, for each of the five financial years of the Company, commencing from 1st April, 2010, the proportion and manner of such payment and distribution to be as the Board may from time to time decide.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, matters, deeds and things to give effect to the above resolution.”

### NOTES:

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 of the Company. The instrument of proxy should, however be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Friday, the 30<sup>th</sup> July, 2010 to Friday, the 6<sup>th</sup> August, 2010 (both days inclusive).
4.
  - i) Pursuant to Section 205A of the Companies Act, 1956, the unclaimed dividend upto the financial year ended 31st March, 1998 has been transferred to Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956.
  - ii) Those members who have not encashed the dividend warrant/s for the financial years 2003-04 to 2008-09 are requested to make their claim forthwith to the Registered Office of the Company/Registrar & Share Transfer Agent. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as above, no claim shall lie in respect thereof with the Company.
5. As per SEBI's Notification dated 16th February, 2000, the equity shares of the Company have been compulsorily dematerialised and sale/purchase of the same is required to take place in dematerialised form only. You are advised to get your shares dematerialised through NSDL or CDSL. They have allotted ISIN Number INE 779A01011 to the Company. Members are requested in their interest, to please return the physical certificates through their Depository Participants (DP).

6. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories/members for depositing dividend or payment through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available, for distribution of dividend.
7. Members seeking any information with regard to Accounts are requested to write to the Company at least 10 days in advance so as to enable the Company to keep the information ready.
8. Members are requested to send all future correspondence in respect of their change of address, transfer of shares or any other query, directly to the Share Transfer Agents at the following address: -  
  
Bigshare Services Pvt. Ltd. Tel.: 022-28470652|28470653|40430200  
E-2, Ansa Industrial Estate, Fax: 022-28475207  
Sakivihar Road, Saki Naka, E-mail: marketing@bigshareonline.com  
Andheri (E), Mumbai-400 072. Website: www.bigshareonline.com
9. Members are requested to quote their Folio/DP ID Number(s) in all correspondence with the Company's Share Transfer Agents.
10. Members/Proxy should bring the attendance slip duly filled-in for attending the meeting.
11. Members are requested to bring their copy of Annual Report to the Meeting.

**Registered Office :**  
402-B, Poonam Chambers,  
Dr. Annie Besant Road,  
Worli, Mumbai - 400 018.

Date: 4<sup>th</sup> May, 2010.

By Order of the Board of Directors

**S.B. Desai**  
**Company Secretary**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)  
OF THE COMPANIES ACT, 1956.**

Item No.6:

At the 44th Annual General Meeting held on 19<sup>th</sup> July, 2005, members had approved payment of commission not exceeding 1% of the net profits of the Company to Non Wholetime Directors as may be decided by the Board of Directors subject to maximum period of five years at a time. Considering the efforts put in by the Directors, it is recommended to continue the said payment for further period of five years as per the provisions of Section 309 of the Companies Act, 1956.

All the Non Whole time Directors of the Company are deemed to be concerned or interested in the aforesaid resolution.

**Registered Office:**  
402-B, Poonam Chambers,  
Dr. Annie Besant Road,  
Worli, Mumbai – 400 018.

Date: 4th May, 2010.

By Order of the Board of Directors

**S.B. Desai**  
**Company Secretary**

**DIRECTORS' REPORT**

To the Members,

Your Directors are pleased to present the Forty-ninth Annual Report with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2010.

**FINANCIAL RESULTS:**

	Year ended 31.03.2010 <u>Rs. in lacs</u>	Year ended 31.03.2009 <u>Rs. in lacs</u>
Gross Profit before Interest, Depreciation and Tax	3593.97	2631.55
Less: Interest & Finance Charges	69.73	1094.89
Depreciation	<u>422.67</u>	<u>503.82</u>
Profit before Tax	3101.57	1032.84
Less: Provision for tax		
Fringe Benefit Tax	-	(24.50)
Current Tax	(1030.00)	(335.00)
Deferred tax Credit	<u>(17.13)</u>	<u>(15.84)</u>
Profit after Tax	<u>2054.44</u>	<u>657.50</u>
Add: Balance brought forward from previous year	569.04	581.80
Amount available for appropriations	<u><b>2623.48</b></u>	<u><b>1239.30</b></u>
Appropriations:		
Proposed Dividend	519.75	231.00
Tax on proposed dividend	86.33	39.26
Transfer to General Reserves	1400.00	400.00
Balance carried to Balance Sheet	<u>617.40</u>	<u>569.04</u>
	<u><b>2623.48</b></u>	<u><b>1239.30</b></u>

**OPERATIONS:**

With the Indian economy entering a slow down phase as rest of the World economy, the year began with an anxious note, which posed a big challenge for the Company. The Government's timely stimulus actions to revive the economy started to show results in the second half of the year. In view of reduction of production by customers, especially during the first two quarters, the Company was forced to reduce its production also in saddling it with huge inventories of both, raw material and finished goods, as all other companies in the Auto Industry. Though the manufacturing activities had to reduce drastically to suit the situation, the Company took a conscious decision not to reduce any permanent manpower. The low production activity time was utilised to upgrade the machines and manufacturing facilities.

As the economy improved in the second half, the management took a decision to restart all the growth activities it had put on hold. The construction of the Uttarakhand factory commenced

in November 2009 and was completed in record time of four months. The plant was inaugurated on 28<sup>th</sup> March 2010 and commercial production commenced on that date.

This factory will cater to the requirements of the customers in Uttarakhand, especially, Ashok Leyland, Tata Motors Limited and those industries, which do not attract excise duty on their end products such as the Tractor industry.

The Slewing Bearing and large bearing Project was also revived. The construction activities of the Slewing Bearing Plant has also commenced and commercial production is expected to start in the latter part of the year.

Though the first half of the year under review was not very encouraging, the pick up in economic activity in the second half resulted in the sales of the year growing by 17%. The demand for Commercial Vehicles and Tractors also resumed to normal levels.

With improved sales and production in the second half, the Company could recover some lost ground and posted better working for the year compared to the previous year.

With good financial management, the company has been able to repay almost all of its foreign exchange loans.

**DIVIDEND:**

The Directors have recommended a dividend of Rs.4.50/- per Equity Share on 1,15,50,000 Equity Shares of Rs.10/- each for the financial year ended 31<sup>st</sup> March 2010, which, if approved at the forthcoming Annual General Meeting, will be paid to (i) all those Equity Shareholders whose names appear on the Register of Members as on 6<sup>th</sup> August, 2010 and (ii) to those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as on that date.

The dividend pay out for the year under review has been formulated in accordance with the Company's policy of striving to pay stable dividend linked to long term performance, keeping in view the Company's need for capital, its growth plans and the intent to finance such plans through internal accruals to the maximum. Your Directors believe that this would increase shareholder value and eventually lead to a higher return threshold.

**COLLABORATION:**

The Collaboration with NSK continues to be active and the Company is receiving the requisite support whenever required.

**JOINT VENTURE COMPANY:**

In order to meet the demand, the Joint Venture Company NSK-ABC Bearings Limited has started to increase its capacity. The expansion will be largely met by infusion of more capital by the collaborators, NSK Ltd., Japan. Your Company chose not to contribute to any more capital in the Joint Venture at this time in order to conserve funds to meet its own requirement of capital expenditure for expansion programme.

## QUALITY CERTIFICATIONS:

Your Company continues to enjoy the ISO 14001:2004 Certification for Environment Management, and the ISO/TS 16949 Certification for Quality Systems. Most of our OEM customers have given self-certification responsibility to the Company for direct supplies on line.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors report that: -

- i. in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii. such accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent 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 of the Profit or Loss of the Company for that year.
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the annual accounts have been prepared on a going concern basis.

## DIRECTORS:

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. C.U. Shah and Mr. Y.H. Malegam retire by rotation and being eligible, have offered themselves for reappointment. Necessary resolutions are being proposed for their reappointment as Directors at the ensuing Annual General Meeting of the Company.

## CORPORATE GOVERNANCE:

Your Company has complied with the requirements of the Code of Corporate Governance in accordance with Clause 49 of the Listing Agreement with BSE. A separate report on Corporate Governance along with Auditors' certificate on its compliance is attached to this Report. Management Discussion and Analysis, as prescribed by the Listing Agreement, also forms a part of the Annual Report.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure forming part of this Report.

## AUDITORS:

M/s. Parikh & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

## COST AUDITORS:

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have appointed M/s. B. J. D. Nanabhoy & Co., Cost Accountants, as the Cost Auditors to conduct cost audit of the product 'Bearing' for the year 2010-11, subject to the approval of the Central Government. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

## PARTICULARS RELATING TO EMPLOYEES:

Information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given in the Annexure forming part of the Report. However, as per the provisions of Section 219(1)(b)(iv), the Report and Accounts are being sent to all Shareholders of the Company excluding the Statement of Particulars of Employees. Any shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company for a copy.

## ACKNOWLEDGEMENT:

The Directors wish to place on record their deep sense of appreciation for the committed services of the employees of the Company at all levels. The Directors also express their sincere appreciation for the assistance and co-operation received from Banks, Customers and Dealers, during the year.

For and on behalf of the Board

Place: Mumbai  
Date: 4<sup>th</sup> May, 2010.

**S. M. PATEL**  
**Chairman**



**ANNEXURE TO DIRECTORS' REPORT**

Particulars under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

**A. CONSERVATION OF ENERGY:**

Efforts for conservation of energy continued during the year are listed below:

1. New capacitor banks were installed at several locations to maintain overall power factor of the plant above 0.98.
2. Fitted 10 Nos. of Air Extractors at Assembly, Store and FGS area for increasing ventilation on the Shop Floor and saving in energy.
3. Relining and reconditioning work on furnaces was carried out to save Heat Losses, thereby reducing energy consumption.

**B. TECHNOLOGY ABSORPTION:**

1. Our engineers who had been trained at NSK, Japan, have disseminated the learnings to other engineers on the shop floor. Several improvements have been implemented or initiated.
2. Machine improvements have been done on bottleneck machines to reduce cycle time and improve productivity.
3. Improvements are being carried out for process capability enhancement.
4. Several new bearings were developed for new model launches of our customers.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Earnings : Rs.147.72 lacs  
Outgo : Rs.144.34 lacs.

For and on behalf of the Board

Place: Mumbai  
Date: 4th May, 2010.

**S. M. PATEL**  
*Chairman*

**10 YEARS' HIGHLIGHTS**

Rupees in lacs

PARTICULARS	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Sales &amp; Other Income</b>	<b>11408.92</b>	<b>7717.56</b>	<b>8620.60</b>	<b>11200.74</b>	<b>15264.22</b>	<b>18255.23</b>	<b>21591.51</b>	<b>19534.84</b>	<b>15326.07</b>	<b>17737.99</b>
Materials Consumed	5305.62	3349.51	3451.84	4963.87	6790.84	8239.07	9235.20	8907.07	7286.85	9151.34
Excise Duty	1259.41	1031.07	1138.58	1464.84	2019.08	2413.71	3000.90	2700.48	1678.37	1332.79
Employee Cost	1357.46	1108.07	1067.36	853.09	1069.49	1186.26	1122.80	1192.12	1052.55	1249.53
Interest & Finance Charges	1053.48	736.87	608.24	342.00	280.96	269.36	382.51	318.46	1094.89	69.73
Depreciation	535.92	408.72	546.69	676.85	630.19	684.15	801.89	684.10	503.82	422.67
Other Expenses	1532.18	1365.52	1590.02	1701.05	2366.32	2749.38	3547.19	2888.98	2605.04	2910.36
Profit / (Loss) Before Tax & Exceptional items	364.85	-282.20	217.87	1199.04	2107.34	2713.30	3501.02	2843.63	1104.55	2601.57
Exceptional Items				222.75	222.75	399.08	428.08	406.28	62.71	500.00
Diminution in value of Investments	-	293.80	-	-	-	-	-	-	9.00	-
Provision for Current Tax	35.00	-	10.56	91.00	910.00	979.15	1,196.40	1,011.86	359.50	1030.00
Provision for Deferred Tax(Cr)	-	-100.46	-61.41	-270.72	177.64	235.62	136.57	166.09	15.84	17.13
<b>Profit / (Loss) After Tax &amp; Exceptional items</b>	<b>329.85</b>	<b>-475.54</b>	<b>145.90</b>	<b>621.86</b>	<b>1152.23</b>	<b>1570.69</b>	<b>2013.11</b>	<b>1591.58</b>	<b>657.50</b>	<b>2054.44</b>
Prior Period Adjustment (net)	-	58.54	-	-	-	-	-	-	-	-
Equity Dividend Rs.	-	-	-	173.25	346.50	462.00	462.00	462.00	231.00	519.75
<b>Equity Dividend %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>30</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>20</b>	<b>45</b>
Retained Earnings	329.85	-475.64	145.90	426.41	757.13	1043.90	1472.59	1051.06	387.24	1448.36
Gross Fixed Assets	8683.15	8821.30	8865.47	9054.62	9168.41	10183.96	11373.24	12106.73	12645.86	13437.31
Net Fixed Assets	4546.46	4349.79	3853.18	3405.68	2970.69	3378.52	3825.21	3898.64	3966.95	4355.52
Investments	383.02	22.91	17.46	21.73	21.73	139.05	21.73	1271.73	1250.10	1250.10
Net Current Assets	4002.45	3241.53	3152.31	3429.45	4042.36	4433.83	6262.88	5956.97	7975.13	4217.03
Deferred Revenue Exp.	-	160.32	663.23	440.48	217.74	834.37	406.28	-	-	-
Total Assets (Net)	8931.93	7134.05	6984.27	6324.71	6457.53	8785.77	10516.10	11127.34	13192.18	9822.65
Share Capital - Equity	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00
<b>Reserves and Surplus</b>	<b>2523.52</b>	<b>1248.48</b>	<b>1394.38</b>	<b>1820.79</b>	<b>2577.92</b>	<b>3621.82</b>	<b>5094.41</b>	<b>6125.47</b>	<b>6472.79</b>	<b>7921.14</b>
Net Worth	3678.52	2403.48	2549.38	2975.79	3732.92	4776.82	6249.41	7280.47	7627.79	9076.14
Borrowings	5253.41	4730.57	4434.89	3348.92	2724.61	3449.58	3843.89	3590.16	5291.84	456.83
Total Fund Employed	8931.93	7134.05	6984.27	6324.71	6457.53	8785.77	10516.10	11127.34	13192.18	9822.65
Earnings per Share	2.86	-4.62	1.26	5.38	9.98	13.60	17.43	13.78	5.69	17.79
<b>Book value per Share</b>	<b>31.85</b>	<b>20.81</b>	<b>22.07</b>	<b>25.76</b>	<b>32.32</b>	<b>41.36</b>	<b>54.11</b>	<b>63.03</b>	<b>66.04</b>	<b>78.58</b>
Debt: Equity	1.43	2.11	2.35	1.32	0.78	0.88	0.66	0.49	0.69	0.05
Turnover/Inventory(Times)	6.84	5.78	6.00	6.86	6.82	6.24	6.45	6.16	4.50	5.45
Turnover/Net Block	2.51	1.77	2.24	3.29	5.14	5.40	5.64	5.01	3.80	3.99
Current Assets / Current Liabilities	3.09	3.35	3.02	2.80	2.96	2.62	3.03	2.76	4.36	2.22
Number of Shareholders	8764	8603	8298	7870	7161	7097	7401	7757	8345	7625
No. of Employees	1198	878	567	526	509	314	331	355	355	335

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company has a basic philosophy of achieving excellence aimed at increasing value for all stakeholders and understands the right to information of its shareholders with respect to the performance of the Company.

Since inception, your Company has been committed to the practice of good corporate governance. Pursuant to Clause 49 (including revision thereof) of the Listing Agreement, a detailed report on compliance by the Company is given here below:

### BOARD OF DIRECTORS:

The Board of Directors comprises a fair number of independent, professionally competent and acclaimed Non-executive Directors. The Company has a Non-executive Chairman, with the number of Independent Directors being more than 50% and the number of Non-executive Directors being two-third of the total number of Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

As stipulated, none of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees. Particulars in respect of their various Directorships, Chairmanships and Memberships of Board/Committees and attendance at Board/General Meeting of the Company are given here below:

Name of the Director	Executive/ Non Executive/ Independent	No. of outside Directorships in Public Companies	Membership held in Committee of Directors	Chairmanship held in Committee of Directors	No. of Board Meetings attended	Whether attended last AGM Yes/No
Mr. S.M. Patel	Non-Executive Chairman	2*	3	1	4	Yes
Mr. P.M. Patel	Managing Director	3	3	-	4	Yes
Mr. T.M. Patel	Executive Director	3	4	1	3	Yes
Mr. Y.H. Malegam	Non-Executive – Independent	7	2	4	4	Yes
Mr. S.K. Diwanji	Non-Executive – Independent	5	5	1	4	Yes
Mr. C.U. Shah	Non-Executive – Independent	-	-	-	1	Yes
Mr. Jal R. Patel	Non-Executive – Independent	6	5	3	4	Yes

\* In addition, Mr. S.M. Patel is Alternate Director in a Public Limited Company.

During the financial year 2009-10, four Board meetings were held on the following dates i.e. on 8th May, 2009, 21st July, 2009, 23rd October, 2009 and 22nd January, 2010 and the Annual General Meeting was held on 21st July, 2009.

### CODE OF CONDUCT:

The Board of Directors has adopted the Code of Business Conduct and Ethic for Directors and Senior Management. The said Code has been communicated to the Directors and members of the Senior Management. The Code has also been posted on the Company's website – [www.abcbearings.com](http://www.abcbearings.com)

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of Financial Year 2009-2010.

**P.M. Patel**  
Managing Director

## ABC Bearings Limited

### AUDIT COMMITTEE:

The Audit Committee of the Company has such powers as are detailed under Section 292A of the Companies Act, 1956, and also as are detailed in terms of Clause 49 of the Listing Agreement.

The responsibilities of the Audit Committee include inter-alia, overseeing the financial reporting process to ensure proper disclosure of financial statements, recommending appointment/removal of external auditors and fixing their remuneration, reviewing the quarterly, half yearly and annual financial statements before submission to the Board, reviewing the adequacy of the internal audit functions, ensuring compliance of internal control systems and discussing the scope of audit with external auditors. The Company has adopted a separate Charter for Audit Committee.

The composition of the Audit Committee is as under:

Name of the Director	Category	No. of Audit Committee Meetings attended
Mr. Jal R. Patel	Independent Non-executive Director (Chairman)	4
Mr. S.M. Patel	Non-executive Director (Member)	4
Mr. S.K. Diwanji	Independent Non-executive Director (Member)	4

During the Financial year 2009-10, four Audit Committee Meetings were held on the following dates i.e. on 8th May, 2009, 21st July, 2009, 23rd October, 2009 and 22nd January, 2010.

### REMUNERATION COMMITTEE:

The general scope of work entrusted to the Remuneration Committee includes recommendation of remuneration packages for the Managing/Executive Directors and review thereof, based on performance and achievements, within the provisions of the Companies Act, 1956 and amendments thereto.

The composition of the Remuneration Committee is as under:

Name of the Director	Category
Mr. S.K. Diwanji	Independent Non-executive Director (Chairman)
Mr. S.M. Patel	Non-Executive Director (Member)
Mr. C.U. Shah	Independent Non-executive Director (Member)
Mr. Jal R. Patel	Independent Non-executive Director (Member)

The Remuneration Committee met once during the financial year 2009-10.

The remuneration structure of the Managing/Executive Directors consists of salary, perquisites, contribution to Provident Fund, Superannuation and Gratuity as per the present trend in the industry. The tenure of re-appointment of the Managing/Executive Directors/details of salary and perquisites and contribution to Provident Fund and Superannuation paid for the financial year ended 31st March, 2010 are as given below:

Name	Tenure	Salary (Rupees)	Perquisites (Rupees)	Commission (Rupees)	Contribution to Provident Fund/ Superannuation (Rupees)	Total (Rupees)
Mr. P.M. Patel	Reappointed for a period of 5 years from 01.08.2006	86,40,000	4,27,381	60,47,413	23,32,800	1,74,47,594
Mr. T.M. Patel	Reappointed for a period of 5 years from 01.02.2008	70,56,000	2,36,437	82,50,037	19,05,120	* 1,74,47,594

\* approval of Central Government is awaited.

The Non-Executive Directors are paid sitting fee @ Rs.15,000/- for attending Board Meeting, Rs.10,000/- for attending Audit Committee Meeting and for attending Remuneration Committee Meeting @ Rs.7,500/-. The Non-Executive Directors are also paid commission not exceeding 1% of the net profits of the Company in such proportion as may be decided by the Board.

The total amount of sitting fees paid during the year was Rs.3,97,500/-. The details of sitting fees paid to the Non-Executive Directors during the year under report and their shareholding in the company, are as given below:

<b>Name of the Non-Executive Director</b>	<b>Sitting Fees paid during the period 01.04.2009 to 31.03.2010 (Rs.)</b>	<b>No. of shares held As on 31st March, 2010 (Nos.)</b>
Mr. S.M. Patel	1,07,500/-	--
Mr. Y.H. Malegam	60,000/-	7,445
Mr. S.K. Diwanji	1,07,500/-	7,950
Mr. C.U. Shah	15,000/-	10,000
Mr. Jal R. Patel	1,07,500/-	350

As decided by the Board, commission payable to Non-Executive Director, Mr. S.M. Patel is Rs.34.90 lacs. He has been paid professional fees (as Financial Advisor in terms of approval u/s 309) and reimbursement of expenses Rs.63.50 lacs during the year under report.

**SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:**

The composition of the Transfer-Cum-Shareholders'/Investors' Grievance Committee is as under:

<b>Name of the Director</b>	<b>Category</b>	<b>No. of Committee Meetings attended</b>
Mr. S.M. Patel	Non-executive Director (Chairman)	17
Mr. P.M. Patel	Managing Director (Member)	16
Mr. T.M. Patel	Executive Director (Member)	1

The Transfer-Cum-Shareholders'/Investors' Grievance Committee is vigilant in the redressal of all investors' grievances. The powers of approving the issue of duplicate certificates and all matters connected with securities' transfers, transmissions, sub-divisions, consolidations etc. have been delegated by the Board to the Registrar & Transfer Agents of the Company, subject to placing of a periodic summary statement, depicting transfer, transmission, etc. of securities of the Company, at every meeting of the Transfer-Cum-Shareholders'/Investors' Grievance Committee.

The Transfer-Cum-Shareholders'/Investors' Grievance Committee of the Company held its meetings on the following dates during the year, viz: on 15th April, 2009, 29th April, 2009, 15th May, 2009, 29th May, 2009, 15th June, 2009, 13th July, 2009, 31st July, 2009, 31st August, 2009, 30th September, 2009, 30th October, 2009, 27th November, 2009, 14th December, 2009, 31st December, 2009, 15th January, 2010, 15th February, 2010, 2nd March, 2010 and 31st March, 2010.

Mr. S.B. Desai, Company Secretary, is the Compliance Officer. All complaints received from shareholders/investors have been generally resolved to the satisfaction of the complainants.

Investor queries/complaints handled during the year under report were as follows:

<b>Nature of queries/complaints</b>	<b>No. of letters Received</b>
Relating to Non receipt of shares after transfer	3
Relating to Non receipt of dividend warrant	17
Relating to SEBI	2
Relating to Stock Exchange	1
Total	23

All the queries/complaints were attended to promptly and resolved within 30 days.

All valid share transfers, received during the year ended 31st March, 2010, have been acted upon and there were no share transfers pending as on 31st March, 2010.

## ABC Bearings Limited

### GENERAL BODY MEETINGS:

Location and time where the last three Annual General Meetings were held are as under:

Financial Year	Date	Location of the Meeting	Time
2006-2007	24th July, 2007	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	4.30 p.m.
2007-2008	16th July, 2008	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	4.30 p.m.
2008-2009	21st July, 2009	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	4.00 p.m.

The Company has passed Special Resolutions at the Annual General Meeting held for the year 2008-2009.

No Special Resolution requiring Postal Ballot as required by the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001/Clause 49 of the Listing Agreement has been placed for Shareholders' approval at the last Annual General Meeting nor is any resolution proposed to be taken up through postal ballot at the ensuing Annual General Meeting.

### DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS:

1. Mr. C.U. Shah, aged 92 years, joined the Board of the Company on 17th October, 1961. He is not a Director in any other public limited company. He is a member of the Remuneration Committee of the Company.
2. Mr. Y.H. Malegam, aged 76 years, is a Practising Chartered Accountant and has been on panels of various committees of the Central Government. He joined the Board of the Company on 17th October 1961 as an Alternate Director and continued as such until 29th July, 1987, when he was appointed as Director on the Board of the Company. He is also a Director of the following public limited companies:

Name of the Company	Designation/Membership of Board/Committees
The Clearing Corporation of India Ltd.	Director/Chairman-Audit Committee
Firstsource Solutions Ltd.	Director/Chairman-Audit Committee
Hindustan Construction Co. Ltd.	Director
National Securities Clearing Corp. Ltd.	Director/Chairman-Audit Committee
National Stock Exchange of India Ltd.	Director/Member-Audit Committee
Piramal Healthcare Ltd.	Director/Member-Audit Committee
Siemens Limited	Director/Chairman-Audit Committee

### DISCLOSURES:

During the year 2009-10, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the Company at large.

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchange, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.

The Company has complied with all mandatory requirements and has adopted non - mandatory requirement as per details given below:

- (a) Remuneration Committee: The Company has constituted Remuneration Committee as detailed herein above.
- (b) Shareholders' Rights: The quarterly and half yearly results are published in the newspapers and also displayed on the website of the Company. The results are not separately circulated to the shareholders.
- (c) Audit Qualifications: The auditors have not qualified the financial statements of the Company.

### MEANS OF COMMUNICATION:

The Board of Directors of the Company approves and takes on record the unaudited financial results of the Company within one month of the close of the quarter/half year and announces forthwith the results to the Stock Exchange, where the shares of the Company are listed as also the same are published within 48 hours in two newspapers as prescribed. As the Company publishes the audited annual results within the stipulated period of three months as required by the Listing Agreement with the Stock Exchange, the unaudited results for the last quarter of the financial year are not published.

The Company's results, official news releases and presentation to analysts are displayed on the Company's website, i.e www.abcbearings.com.

Management Discussion and Analysis Report forms part of this Annual Report.

### **GENERAL SHAREHOLDER INFORMATION:**

#### **Annual General Meeting**

Date : 6<sup>th</sup> August, 2010  
 Time : 4.00 p.m.  
 Venue : Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli,  
 Mumbai – 400 018.

#### **Financial Year:**

The Company follows April-March as its financial year. The results for every quarter are declared in the month following the quarter except for the quarter January-March, for which the audited results are declared in May/June as permitted under the Listing Agreement.

#### **Date of Book Closure**

Friday, the 30<sup>th</sup> July, 2010 to Friday, the 6<sup>th</sup> August, 2010 (both days inclusive)

#### **Dividend Payment Date**

After 6<sup>th</sup> August, 2010.

#### **Listing on Stock Exchanges**

The Company's shares are listed on Bombay Stock Exchange Limited, Mumbai.

#### **Stock Code**

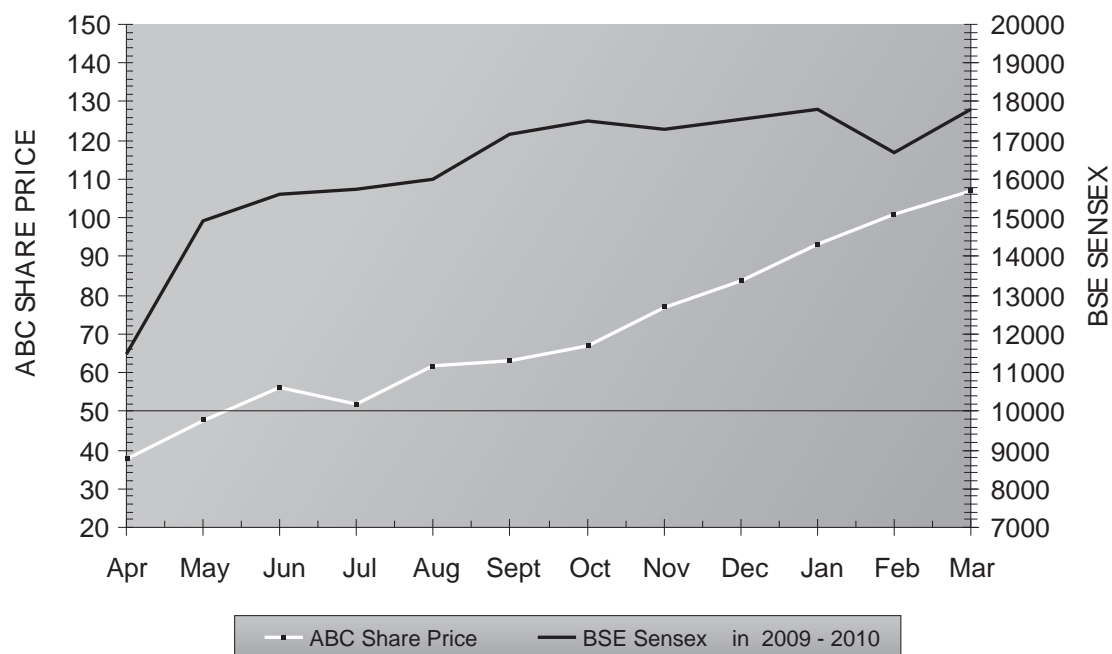
Bombay Stock Exchange Limited, Mumbai (BSE) - 505665  
 Demat International Security Identification Number (ISIN)  
 in NSDL & CDSL for Equity Shares - INE 779A01011

#### **Stock Price Data**

Bombay Stock Exchange Limited, Mumbai (BSE)

<b>Month</b>	<b>High (Rs.)</b>	<b>Low (Rs.)</b>
April, 2009	37.50	25.05
May, 2009	47.70	34.50
June, 2009	55.95	37.50
July, 2009	52.00	35.10
August, 2009	61.70	36.50
September, 2009	62.95	45.00
October, 2009	66.90	54.00
November, 2009	76.90	53.20
December, 2009	83.50	67.75
January, 2010	93.00	73.05
February, 2010	101.00	82.50
March, 2010	107.00	90.00

ABC SHARE PRICE - VS BSE SENSEX IN 2009-2010



Performance in comparison to BSE Sensex

**Registrars and Transfer Agents**

Bigshare Services Pvt. Ltd.  
E-2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai 400 072.

Tel.: 022-28470652/28470653|40430200  
Fax: 022-28475207  
E-mail: marketing@bigshareonline.com  
Website: www.bigshareonline.com

**Share Transfer System**

A Share Transfer Committee of Directors has been constituted by the Board. The Committee attends to share transfer formalities at least twice in a month. Transfer of shares are processed and registered within the stipulated time, provided all the documents are valid and complete in all respects. The Board of Directors has appointed the Company Secretary as Compliance Officer of the Company to monitor the share transfer process. Share transfers approved by the Committee are placed at the Board Meeting from time to time. There were no share transfers pending as on 31st March, 2010.

**Distribution of Shareholding:**

Categories of Shareholding as on 31st March, 2010.

Category	Shares	
	Number	% to Total
Promoters and Promoters Group	37,05,523	32.08
Mutual Funds & UTI	5,195	0.04
Banks, Financial Institutions, Insurance Companies	7,45,467	6.45
Foreign Institutional Investors	1,80,543	1.56
Private Corporate Bodies	7,77,375	6.74
Indian Public	32,55,384	28.20
NRIs/OCBs	28,65,986	24.81
Others (Shares in Transit)	14,527	0.12
<b>Total</b>	<b>1,15,50,000</b>	<b>100.00</b>

Distribution of Shareholding as on 31st March 2010.

Range	Shareholders		Shares	
	Number	% to Total	Number	% to Total
1 - 50	2,232	29.27	60,059	0.52
51 - 100	1,612	21.14	1,39,418	1.21
101 - 300	1,998	26.20	3,98,290	3.45
301 - 500	734	9.63	3,11,660	2.70
501 - 1000	554	7.27	4,20,856	3.64
1001 - 5000	396	5.19	8,32,914	7.21
5001 and above	99	1.30	93,86,803	81.27
<b>Total</b>	<b>7,625</b>	<b>100.00</b>	<b>1,15,50,000</b>	<b>100.00</b>



**Dematerialisation of Shares and Liquidity:** 94.25% equity shares of the Company have been dematerialised as on 31st March, 2010.

**Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:**

Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

**Plant Locations**

1. Bharuch, Gujarat State. 2. Dehradun, Uttarakhand State.

**Address for Correspondence**

Shareholders may correspond on all matters relating to transfer/dematerialisation of shares, payment of dividend, and any other query relating to shares of the Company with Registrars and Share Transfer Agents, at the address given below:

M/s. Bigshare Services Pvt. Ltd.	Tel.:022-28470652/28470653 40430200
E-2, Ansa Industrial Estate, Sakivihar Road,	Fax:022-28475207
Saki Naka, Andheri (E),	E-mail: marketing@bigshareonline.com
Mumbai 400 072.	Website: www.bigshareonline.com

Our Registrar & Transfer Agent M/s. Bigshare Services Private Limited recently launched Gen-Next Investor Module i'Boss the most advanced tool to interact with shareholders. Please login into i'Boss ([www.bigshareonline.com](http://www.bigshareonline.com)) and help them to serve you better.

Shareholders would have to correspond with the respective Depository Participants for shares held in demat mode.

For and on behalf of the Board

Place: Mumbai  
Date: 4th May, 2010.

**S.M.PATEL**  
*Chairman*

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**Auditors' Certificate regarding compliance of Corporate Governance**

To the Members of ABC Bearings Limited

We have examined the compliance of the conditions of Corporate Governance by ABC Bearings Limited for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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. Based on such review and as per the information and explanations given to us by the Company, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreement.

We further state that such compliance is neither an assurance 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 PARIKH & SHAH**  
*Chartered Accountants*

Mumbai, 4th May, 2010.

**H.K. DESAI**  
*Partner*

## MANAGEMENT DISCUSSION AND ANALYSIS:

### a) Industry Structure and Development

Domestic market comprises of ten major players in the organised sector and innumerable units in the unorganised sector. Annual bearing demand in India is estimated at Rs.6000 crores, of which about one third is met by imports and the rest is met through indigenous production. The sales of organised bearing industry in India, including exports are estimated at Rs. 3200 crores.

The bearing industry sales stagnated during the first half for the year under review especially for the Commercial Vehicle Segment. However, as sale of the passenger car and two wheeler segment saw a steady growth during this period, the sale of bearings to that segment showed some growth. The market situation improved considerably during the second half for all segments of the auto industry.

The Bearing industry covers both ball and roller bearings used in Automotive and Industrial sectors. Bearings are precision products requiring sophisticated machinery and the industry is characterised by high capital costs and intensive technology & skill requirements. Almost all the major international bearing manufacturers are represented in India by way of technical and/or financial collaborations.

The Bearing industry depends on its user industries viz: automobiles, general engineering, railways, electrical applications, pumps, fans and agricultural machineries. The largest user segment though is Automobiles. During the part of the year under report, the Automobile industry sales were impacted by the slow down in the Indian economy. The demand for Heavy, Medium and Light Commercial Vehicles and Tractors continued to be sluggish in first half of the year. Though Railways and Industrial sectors did better, lower auto sales nullified the gains elsewhere.

### b) Opportunities and Threats

The biggest threat facing the industry is imports of bearings by OEMs and traders from countries such as China, Korea etc. at dumping prices.

On one hand the Steel prices, which were depressed during the middle of the year, started to escalate during the second half and on the other hand the customers are resisting any price increase as there is alternative availability of cheap imported bearings.

### c) Segment-wise-performance

The Company has only one segment of activity namely 'Bearings' as defined by AS-17 issued by the Institute of Chartered Accountants of India.

### d) Outlook

The outlook for the year is encouraging with the production and sales of all segments of the auto industry showing a healthy growth.

### e) Risks and concerns

With the timely stimulus package introduced by the Government, the Industry started to revive from the recessionary trend during the second half of the year, however, the exports for the automotive and component sector continues to be sluggish due to low offtake from Europe and USA.

The withdrawal of the stimulus package for the auto industry may have some dampening effect.

As experienced by most companies importing either capital goods or raw material, the threat from the volatile currency markets continues.

### f) Internal control systems and their adequacy

The Company has in place an effective and independent internal control system covering all areas of operations. The transactions are authorised by authorised persons. A firm of Chartered Accountants conducts the Internal Audit of the Company as per the schedule approved by the Audit Committee for the year. A regular review is done in respect of the financial and operating controls at various locations of the Company. The Audit Committee at its periodic meetings, reviews observations and recommendations contained in Internal Audit Reports, where both Statutory as well as Internal Auditors participate. Independent opinions are expressed on issues of concern and the consequential corrective actions are reviewed by the Audit Committee.

### g) Financial performance with respect to operations

The margins of the Company were under pressure due to large stock of steel carried forward and consumed during the year. These purchases were done at peak steel prices but could not be utilised in the previous period due to forced reduction in production levels. All the high price steel has since been consumed.

### h) Human Resources and Industrial Relations

The investment in its Human resources is a continuous process and was carried on throughout the year. Inhouse and outside training programmes were conducted as per the training needs identified as a part of the performance management system.

The industrial relations continue to remain cordial.

For and on behalf of the Board

Place: Mumbai  
Date:4th May, 2010.

**S.M.PATEL**  
**Chairman**

## Auditors' Report

To  
The Members of  
**ABC Bearings Limited**

We have audited the attached Balance Sheet of **ABC Bearings Limited** as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement 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.

We conducted our audit in accordance with auditing standards generally accepted in India, which requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and 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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of books and records of the Company as considered appropriate and as per the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

1. 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;
2. 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;
3. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company;
4. in our opinion, the Balance Sheet, 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;
5. on the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Section 274(1) (g) of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon 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;
  - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - b. in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
  - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **PARIKH & SHAH**  
Chartered Accountants

Place: Mumbai  
Date: 4th May, 2010.

**H.K. Desai**  
Partner  
Membership No.13719  
Firm's Registration No. 107528W

**Re: ABC Bearings Limited****ANNEXURE TO AUDITORS' REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010**

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and location of all its fixed assets.
  - b) We are informed that the Company has programme of physical verification of all the fixed assets over a period of two years. Accordingly, the physical verification of part of the fixed assets has been carried out by the Management during the year and no material discrepancies have been noticed on such verification.
  - c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
2.
  - a) The inventory has been physically verified at reasonable intervals during the year by the Management except stocks with third parties for which confirmations are obtained.
  - b) In our opinion the procedures of physical verification followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper records of inventory. The discrepancies noticed on physical verification, between physical stocks and books records, were not material in relation to the operations of the company and have been properly dealt with in the books of account.
3.
  - a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. According to the information and explanations given to us, there are, in our opinion, adequate internal control systems commensurate with the size of the Company and nature of the business for the purchase of inventory, fixed assets and for sale of goods. No major weaknesses are noticed in the course of our audit in this behalf.
5. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public, consequently the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of Accounts maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
9.
  - a) On the basis of our examination of the books of account and other relevant records, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise-duty, cess and other material statutory dues applicable to it and no such dues were outstanding as at 31-03-2010 for a period of more than six months from the date they become payable.
  - b) According to information and explanation given to us the disputed dues in respect of Sales Tax, Excise duty and Income tax that have not been deposited by the Company are as follows:

Name of Statute	Nature of Dues	Amount (Rs. in lacs)	Period to which it relates	Forum where the dispute is pending
State and Central Sales Tax Acts	Sales Tax	14.20	1992-93	Effect of Tribunal order pending before Senior AC (Assessment),- Deputy Commissioner of Sales Tax, Appeals, Worli Division, Mumbai. Jt. Commissioner of Sales Tax (Appeal) Worli Division, Mumbai Dy. Commissioner of Sales Tax Appeal, Worli Division, Mumbai.
		2.29	1999-00	
		1.98	2000-01	
		14.13	2001-02	
The Central Excise Act, 1944	Excise Duty	0.24	1983-84	CEGAT, Mumbai Commissioner of Central Excise, Vadodara. CEGAT, Mumbai Commissioner Central Excise Vadodara.
		0.94	1990-91	
		3.08	1998-99	
		1.74	2008-09	
Income Tax Act, 1961	Income Tax	83.97	2003-04	Commissioner of Income Tax (Appeal), Mumbai. Appeal order effects of CIT (A)/ITAT are pending. Appeal order effects of CIT (A)/ITAT are pending. ITAT, Mumbai.
	Income Tax	76.97	2004-05	
	Income Tax	70.23	2005-06	
	Fringe Benefit Tax	8.45	2005-06	

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.
11. According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to banks during the year. The Company has not taken any loans from financial institutions and has not issued debentures during the year.
12. As the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities clause 4(xii) of the Order is not applicable.
13. The company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly the provisions of the clause 4(xiii) of the Order are not applicable.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The term loans have been applied for the purpose for which they were obtained.
17. On the basis of examination of the Accounts and as per information and explanation given in our opinion the funds raised on short term basis have prima facie not been used for long term investments.
18. The Company has not made any preferential allotment of shares to any parties and companies covered under the register maintained u/s.301 of the Companies Act, 1956 during the year.
19. No security or charge is required to be created since the company has not issued any Debentures.
20. The Company has not raised any money by public issue during the year.
21. On the basis of examination of books of account and other relevant records in the course of our audit and information and explanation given to us no fraud on or by the Company has been noticed or reported during the year.

For **PARIKH & SHAH**  
Chartered Accountants

**H.K. Desai**  
Partner

Place: Mumbai,  
Date: 4th May, 2010.

Membership No.13719  
Firm's Registration No. 107528W

# ABC Bearings Limited

## Balance Sheet as at 31st March, 2010

	Schedules	Rupees in lacs	As at 31st March,2010 Rupees in lacs	As at 31st March,2009 Rupees in lacs
<b>SOURCES OF FUNDS :</b>				
<b>1 SHAREHOLDERS' FUNDS</b>				
Share Capital	1	1155.00		1155.00
Reserves and Surplus	2	<u>7921.14</u>		<u>6472.78</u>
			<b>9076.14</b>	<b>7627.78</b>
<b>2 LOAN FUNDS</b>				
Secured	3		<b>456.83</b>	5291.85
<b>3 DEFERRED TAX LIABILITY</b>				
	4		<b>289.68</b>	<u>272.55</u>
<b>TOTAL FUNDS EMPLOYED</b>			<b><u>9822.65</u></b>	<b><u>13192.18</u></b>
<b>APPLICATION OF FUNDS</b>				
<b>4 FIXED ASSETS</b>				
	5		<b>4355.52</b>	3966.96
<b>5 INVESTMENTS</b>				
	6		<b>1250.10</b>	1250.10
<b>6 CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Inventories	7	<b>3190.92</b>		5636.55
Debtors	8	<b>3626.65</b>		3117.29
Cash and Bank Balances	9	<b>249.11</b>		893.70
Loans and Advances	10	<b><u>610.88</u></b>		<u>698.99</u>
			<b>7677.56</b>	10346.53
<b>7 Less: CURRENT LIABILITIES &amp; PROVISIONS</b>				
Current Liabilities	11	<b>2788.18</b>		2064.98
Provisions		<b><u>672.35</u></b>		<u>306.43</u>
			<b>3460.53</b>	<u>2371.41</u>
<b>8 NET CURRENT ASSETS</b>				
<b>TOTAL ASSETS</b>			<b><u>9822.65</u></b>	<b><u>13192.18</u></b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS</b>				
	17			

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board

For **PARIKH & SHAH**  
Chartered Accountants

**S.M.PATEL**  
Chairman

**H.K.DESAI**  
Partner

**S.B.DESAI**  
Company Secretary

**P.M.PATEL**  
Managing Director

Mumbai, 4th May,2010

Mumbai, 4th May,2010

**Profit and Loss Account for the year ended 31st March, 2010**

		Schedules	For the year ended 31st March, 2010 Rupees in lacs	For the year ended 31st March, 2009 Rupees in lacs
<b>1</b>	<b>INCOME</b>			
	Sales - Gross		17386.41	15064.33
	Less: Excise Duty		<u>1332.79</u>	<u>1678.37</u>
	Sales - Net		16053.62	13385.96
	Other Income	12	<u>351.58</u>	<u>261.74</u>
			<u>16405.20</u>	<u>13647.70</u>
<b>2</b>	<b>INCREASE/(DECREASE) IN STOCKS</b>	13	<u>(296.75)</u>	<u>(21.06)</u>
			<u>16108.45</u>	<u>13626.64</u>
<b>3</b>	<b>EXPENDITURE</b>			
	Manufacturing & Other Expenses	14	12882.92	10896.05
	Cost of Goods Sold	15	131.56	27.33
	Depreciation		422.67	503.82
	Interest & Finance Charges	16	<u>69.73</u>	<u>1094.89</u>
			<u>13506.88</u>	<u>12522.09</u>
<b>4</b>	<b>PROFIT BEFORE EXCEPTIONAL ITEM &amp; TAX</b>		<u>2601.57</u>	<u>1104.55</u>
<b>5</b>	<b>PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT</b>		-	9.00
<b>6</b>	<b>EXCEPTIONAL ITEMS ( Refer Note B-4)</b>		500.00	(62.71)
<b>7</b>	<b>PROFIT AFTER EXCEPTIONAL ITEM &amp; BEFORE TAX</b>		3101.57	1032.84
<b>8</b>	<b>PROVISION FOR TAX</b>			
	Income tax		(1030.00)	(335.00)
	Fringe Benefit Tax		-	(24.50)
	Deferred tax (Charge) / credit		<u>(17.13)</u>	<u>(15.84)</u>
<b>9</b>	<b>PROFIT AFTER TAX</b>		<u>2054.44</u>	<u>657.50</u>
<b>10</b>	<b>BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR</b>		<u>569.04</u>	<u>581.80</u>
<b>11</b>	<b>AMOUNT AVAILABLE FOR APPROPRIATIONS</b>		<u>2623.48</u>	<u>1239.30</u>
<b>12</b>	<b>APPROPRIATIONS</b>			
	a) Proposed Dividend		519.75	231.00
	b) Tax on proposed dividend		86.33	39.26
	c) Transfer to General Reserve		1,400.00	400.00
	d) Balance carried to Balance Sheet		<u>617.40</u>	<u>569.04</u>
			<u>2,623.48</u>	<u>1,239.30</u>

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board

For **PARIKH & SHAH**  
Chartered Accountants

**S.M.PATEL**  
Chairman

**H.K.DESAI**  
Partner

**S.B.DESAI**  
Company Secretary

**P.M.PATEL**  
Managing Director

Mumbai, 4th May, 2010

Mumbai, 4th May, 2010

**Schedules forming part of the Balance Sheet**

	Rupees in lacs	As at 31st March,2010 Rupees in lacs	As at 31st March,2009 Rupees in lacs
<b>1 SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
1,20,00,000 Equity Shares of Rs.10/-each		<u>1200.00</u>	<u>1200.00</u>
<b>ISSUED AND SUBSCRIBED</b>			
1,15,50,000 Equity Shares of Rs.10/-each fully paid -up (of the above 26,59,095 shares of Rs.10/- each were allotted as fully paid-up Bonus Shares by capitalisation of Reserves and Share Premium Account)		<u>1155.00</u>	<u>1155.00</u>
<b>2 RESERVES AND SURPLUS :</b>			
<b>a) SHARE PREMIUM ACCOUNT</b>			
As per last Balance Sheet		152.14	152.14
<b>b) CASH SUBSIDY RESERVE</b>			
As per last Balance Sheet		20.00	20.00
<b>c) GENERAL RESERVE</b>			
As per last Balance Sheet	5731.60		5371.53
Less: Exchange Difference of 2007-08 adjusted	-		39.93
Add: Transfer from Profit and Loss Account	<u>1,400.00</u>		<u>400.00</u>
		7131.60	5731.60
<b>d) SURPLUS</b>			
As per Profit & Loss Account		<u>617.40</u>	<u>569.04</u>
		<u>7921.14</u>	<u>6472.78</u>
	<b>Notes</b>		
<b>3 LOAN FUNDS</b>			
<b>SECURED</b>			
<b>From Banks:</b>			
a) Cash Credit (Including Working capital Demand Loan)	1	333.38	4419.68
b) Term Loan	2	89.38	798.88
c) Term Loan ( for Vehicles )	3	11.16	30.77
Add : Interest accrued and due on above loans		-	11.30
		<u>433.92</u>	<u>5,260.63</u>
<b>From Others:</b>			
Term Loan (for Vehicle)	3	<u>22.91</u>	<u>31.22</u>
		<u>456.83</u>	<u>5291.85</u>

**NOTES :**

- 1 Secured by hypothecation of stock-in-trade and book debts and second charge on Plant & Machinery of the Company.
- 2 Secured by first charge on certain plant and machinery acquired under the Loan and term Deposit with the Bank.
- 3 Secured by hypothecation of vehicles acquired under the loan.



**Schedules forming part of the Balance Sheet**

	DEFERRED TAX ASSET/ (LIABILITY) As at 1st April, 2009	(CHARGE) /CREDIT FOR THE CURRENT YEAR	DEFERRED TAX ASSET (LIABILITY) As at 31st March, 2010
	Rupees in lacs	Rupees in lacs	Rupees in lacs
Difference between book & tax Depreciation	(410.06)	26.15	(383.91)
Expenses allowable for Tax purpose when paid	18.07	(3.03)	15.04
Provision for doubtful debts	38.09	18.58	56.67
Provision for leave encashment	12.29	10.23	22.52
VRS Dues	69.06	(69.06)	-
<b>TOTAL</b>	<b><u>(272.55)</u></b>	<b><u>(17.13)</u></b>	<b><u>(289.68)</u></b>

**5 FIXED ASSETS**

Particulars	COST				DEPRECIATION				NET BLOCK	
	As at 1st April 2009	Additions	Deductions	As at 31st March 2010	Up to 31st March 2009	Adjustment on account of sale	For the year	Up to 31st March 2010	As at 31st March 2010	As at 31st March 2009
	<b>Tangible Assets</b>									
Land	292.11	249.90	-	542.01	14.35	-	3.74	18.09	523.92	277.76
Buildings	606.36	193.86	-	800.22	202.92	-	17.04	219.96	580.26	403.44
Plant and Machinery	9,713.98	135.48	77.52	9,771.94	7,430.79	8.87	283.40	7,705.32	2,066.62	2,283.19
Equipments, Appliances & Tools	892.01	32.88	3.12	921.77	548.61	2.32	64.25	610.54	311.23	343.40
Electrical Installations	280.16	89.98	-	370.14	212.78	-	6.85	219.63	150.51	67.38
Furniture & Fixtures	157.29	7.17	0.07	164.39	70.09	0.05	7.62	77.66	86.73	87.20
Vehicles	265.44	22.37	17.31	270.50	62.59	8.54	25.55	79.60	190.90	202.85
<b>Intangible Assets</b>										
Software upgradation (including licence fees)	170.25	-	-	170.25	136.77	-	14.22	150.99	19.26	33.48
<b>Total</b>	12,377.60	731.64	98.02	13,011.22	8,678.90	19.78	422.67	9,081.79	3,929.43	3,698.70
<i>(Previous Year)</i>	12,082.59	337.50	42.49	12,377.60	8,208.10	(33.02)	503.82	8,678.90	3,698.70	3,874.49
Capital Work-in-Progress including advances on Capital Accounts <i>(Previous Year)</i>				426.09 268.26					426.09 268.26	
<b>TOTAL</b>				13,437.31					4,355.52	
<i>(Previous Year)</i>				12,645.86					3,966.96	

<b>As at 31st March, 2010</b>	<b>As at 31st March, 2009</b>
<b>Rupees in lacs</b>	<b>Rupees in lacs</b>

**6 INVESTMENTS (At cost)**

**LONG TERM**

**NON TRADE**

**Unquoted :**

a) 7 year National Savings Certificates (lodged with Collector of Central Excise/Sales Tax)	<b>0.10</b>	0.10
b) 189,000 5% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid in Mipco Seamless Rings (Guj) Ltd.	<b>189.00</b>	189.00
c) 1,25,00,000 Equity Shares of Rs. 10/- each fully paid in NSK - ABC Bearings Ltd.	<b>1,250.00</b>	1,250.00

**TRADE**

**Quoted :**

8,88,600 Equity Shares of Rs.10/- each fully paid in Mipco Seamless Rings (Gujarat) Ltd. (Market Value Rs. Nil ) (Previous year Rs. Nil)	<b>95.86</b>	95.86
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Less : Provision for Diminution in value of Investment

<b>1,534.96</b>	1,534.96
<b>284.86</b>	284.86
<b><u>1,250.10</u></b>	<b><u>1,250.10</u></b>

**Schedules forming part of the Balance Sheet**

	Rupees in lacs	As at 31st March,2010 Rupees in lacs	As at 31st March,2009 Rupees in lacs
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>A) CURRENT ASSETS :</b>			
<b>7 INVENTORIES</b>			
(As certified by the Management)			
(At lower of cost 'or' realisable value)			
a) Stores, Spares and Tools		86.31	159.72
b) Raw Materials		1148.52	3225.52
c) Work-in-Progress		553.93	502.78
d) Finished Goods		1391.86	1739.76
e) Trading Goods		10.30	8.77
		<u>3190.92</u>	<u>5636.55</u>
<b>8 DEBTORS (Unsecured)</b>			
<b>a) Considered good :</b>			
Over six months	182.44		789.99
Others	<u>3444.21</u>		<u>2327.30</u>
		3626.65	3117.29
<b>b) Considered doubtful</b>			
Over six months	162.40		107.73
Less : Provision	<u>(162.40)</u>	-	<u>(107.73)</u>
		<u>3626.65</u>	<u>3117.29</u>
<b>9 CASH AND BANK BALANCES</b>			
<b>a) Cash on hand</b>		1.19	0.86
<b>b) With Scheduled Banks</b>			
In Current Account	180.63		243.69
In Fixed Deposit	<u>67.29</u>		<u>649.15</u>
(Held by Banks as margin against facilities availed)		247.92	892.84
		<u>249.11</u>	<u>893.70</u>
<b>B) LOANS AND ADVANCES (UNSECURED)</b>			
<b>10 ADVANCES</b>			
<b>Considered Good:</b>			
a) Advances recoverable in cash or in kind or for value to be received (Including Considered Doubtful Rs.4.35 lacs) (Previous year Rs.4.35 lacs)	245.76		249.31
Less: Provision	<u>(4.35)</u>		<u>(4.35)</u>
		241.41	244.96
b) Sundry Deposits		102.54	91.60
c) Balance with Customs and Central Excise		2.25	49.07
d) Income Tax (net of provision)		264.68	309.36
e) Fringe Benefit Tax (Net of provision)		-	4.00
		<u>610.88</u>	<u>698.99</u>

**Schedules forming part of the Balance Sheet**

	Rupees in lacs	As at 31st March,2010 Rupees in lacs	As at 31st March,2009 Rupees in lacs
<b>11 CURRENT LIABILITIES AND PROVISIONS</b>			
<b>a) CURRENT LIABILITIES</b>			
i) Creditors		1698.76	1274.34
ii) Interest accrued but not due on loans		0.47	28.23
iii) *Unclaimed Dividends		24.78	21.24
iv) Other Liabilities		1064.17	741.17
		<u>2788.18</u>	<u>2064.98</u>
<b>b) PROVISIONS</b>			
i) Proposed Dividend		519.75	231.00
ii) Tax on proposed dividend		86.33	39.26
iii) Leave encashment		66.27	36.17
		<u>672.35</u>	<u>306.43</u>
		<u>3460.53</u>	<u>2371.41</u>
* Presently there are no amounts due and outstanding to be credited to Investor Education and Protection Fund under section 205C of the Companies Act, 1956			

**Schedules forming part of the Profit and Loss Account**

		For the year ended 31st March,2010 Rupees in lacs	For the year ended 31st March,2009 Rupees in lacs
<b>12 OTHER INCOME</b>			
a) Income from Investments (gross)		-	0.43
b) Dividend from Mutual Fund		3.81	4.44
c) Interest Received :			
Banks	8.20		74.33
Others	3.75		3.27
			<u>77.60</u>
(Tax deducted at source Rs.2.38 lacs) (Previous year Rs.15.96 lacs)		11.95	77.60
d) Surplus on Redemption of Investment		-	0.73
e) Profit on Fixed Assets Sold/ Scrapped (Net)		50.55	-
f) Claims received		0.72	1.97
g) Sale of Scrap		28.15	39.45
h) Miscellaneous Income		78.40	42.67
i) Income from power generation		13.32	8.44
j) Excess Provision no longer required written back		17.18	38.01
k) Rent from Lonavla Property (Gross) (Tax Deducted at Source Rs.20.89 lacs, Previous Year Rs. 12.22 Lacs)		147.50	48.00
		<u>351.58</u>	<u>261.74</u>
<b>13 INCREASE/(DECREASE) IN STOCK OF WORK-IN-PROGRESS AND FINISHED GOODS</b>			
a) Opening Stock		2242.54	2263.60
b) Closing Stock		1945.79	2242.54
		<u>(296.75)</u>	<u>(21.06)</u>

**Schedules forming part of the Profit and Loss Account**

	Rupees in lacs	For the year ended 31st March,2010 Rupees in lacs	For the year ended 31st March,2009 Rupees in lacs
<b>14 MANUFACTURING AND OTHER EXPENSES</b>			
a) Raw Materials and Components consumed		8061.67	6487.37
b) Stores and Spares consumed		792.92	778.42
c) Power and Fuel		498.31	454.99
d) Processing and Other Charges		441.01	527.36
e) Employees remuneration and benefits :			
Salaries, Wages, Gratuity and Other Benefits	1111.75		929.49
Contribution to Provident and other Funds	100.03		90.34
Welfare Expenses	37.75		32.72
		<u>1249.53</u>	<u>1052.55</u>
f) Repairs:			
Buildings	74.54		73.03
Machinery	84.00		53.32
Others	68.46		54.96
		<u>227.00</u>	<u>181.31</u>
g) Rent		13.37	14.97
h) Rates and Taxes		15.94	32.23
i) Insurance		24.77	31.33
j) Postage, Telegrams and Telephones		27.46	33.05
k) Travelling Expenses		84.28	95.43
l) Remuneration to Auditors			
Audit fees	2.15		1.95
For Tax Audit	0.70		0.60
For Certification & other matters	0.85		0.85
For Expenses (including Service Tax)	0.03		0.13
		<u>3.73</u>	<u>3.53</u>
m) Cost Audit fees		0.44	0.44
n) License & Technical Assistance Fees		57.80	48.70
o) Commission and Discount on Sales		616.38	551.48
p) Carriage Outward		206.88	155.42
q) Provision for Doubtful Debts		54.67	11.63
r) Bad Debts / Claims written off		36.62	1.67
s) Directors' fees		3.98	4.35
t) Loss on Fixed Assets sold / scrapped (Net)		-	3.55
u) Other Expenses		466.16	426.27
		<u>12882.92</u>	<u>10896.05</u>
<b>15 TRADING GOODS :</b>			
Cost of Goods Sold			
Opening Balance		8.77	-
Purchase	116.43		31.14
Add : Packing & Forwarding	16.66		4.96
		<u>133.09</u>	<u>36.10</u>
Less: Closing Stock		<u>10.30</u>	<u>8.77</u>
		<u>131.56</u>	<u>27.33</u>
<b>16 INTEREST AND FINANCE CHARGES</b>			
a) On Fixed Loans		52.16	157.01
Banks		4.46	5.35
Others		56.62	162.36
b) On Other Loans			
Banks		124.39	312.16
Others		4.57	9.31
		<u>128.96</u>	<u>321.47</u>
c) Exchange variation		(151.93)	537.35
d) Finance Charges		36.08	73.71
		<u>69.73</u>	<u>1094.89</u>

**Schedules Forming part of the Accounts**

**17. SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. FIXED ASSETS :**

- a) Fixed Assets are stated at their historical cost.
- b) Addition to fixed assets comprise the purchase price and directly attributable costs.
- c) Tools each costing Rs.25,000/- or more are treated as fixed assets.
- d) Depreciation is provided in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956, as under :
  - i) On straight line basis for assets acquired prior to 1st April, 1987 and after 31st March, 1991.
  - ii) On written down value basis for assets acquired during 1st April, 1987 to 31st March, 1991.
- e) Cost of Lease-hold land is amortised over the period of lease.
- f) Intangible asset is amortised equally over a period of three years.

**2. INVESTMENTS**

Investments are stated at cost, less diminution, if any, and are meant to be held for long-term period.

**3. INVENTORY VALUATION :**

- a) Stock of Stores and Spares : At lower of cost on weighted Average basis or net realisable value.
- b) Raw Materials and Tools } At lower of cost on weighted average basis or net realisable value
- c) Work in Progress } At lower of cost on weighted average basis or net realisable value
- d) Finished Goods : At lower of cost or net realisable value.
- e) Excise duty payable on finished goods stocks at the end of the year is accounted for and considered for valuation.

**4. FOREIGN CURRENCY TRANSACTIONS:**

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date.

Gains/losses arising on account of realisation/settlement of foreign exchange transactions and on translation of foreign currency assets (other than relating to Fixed Assets) and liabilities are recognised in the Profit and Loss Account.

**5. RETIREMENT BENEFITS:**

Retirement benefits to employees comprise of payment of gratuity, superannuation and provident fund under the approved schemes of the company / statutory regulation. Gratuity liability is provided on the basis of actuarial valuation and funded with an approved Trust. Liability for leave encashable on retirement is provided based on actuarial valuation.

**6. SALES**

Sales are recognised on despatch to customers. Sales comprise sale of goods including excise duty and other incidental recoveries.

**7. TAXES ON INCOME**

**Current Tax**

Provision for Income Tax is determined in accordance with the provisions of IncomeTax Act, 1961

**Deferred Tax Provision**

Deferred Tax is recognised, on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

2009-2010 Rupees in lacs	2008-2009 Rupees in lacs
--------------------------------	--------------------------------

**B. CONTINGENT LIABILITIES AND NOTES TO ACCOUNTS**

1	Contingent Liabilities not provided for :		
	i) For counter-guarantees to the Bank against Bank's guarantee to the Government of India and other authorities	1.21	2.81
	ii) Excise Duty demand disputed	6.42	6.74
	iii) Income tax/Fringe Benefit Tax demand contested in appeal	162.62	155.65
	iv) Property tax demand contested in appeal	30.65	26.83
	v) Sales tax demand disputed	74.41	32.60
2	Estimated amount of contracts remaining to be executed on capital account and not provided for	2429.77	1764.01
3	The Company has opted for accounting the exchange differences gain/loss arising on long term foreign currency monetary item in line with Companies (Accounting Standards) Amendment Rules 2009 on "Accounting Standard (AS) 11" notified by Government of India on 31.03.09. Accordingly the exchange difference gain Rs.44.92 lacs arising on deferred payment credits so far as it relates to depreciable asset is adjusted by deduction to the cost of the assets. Had such option not been exercised the profit for the year (including depreciation Rs. 1.95 lacs) would have been less by Rs.46.87 lacs.		
4	Exceptional item pertains to consideration received from Licensor in terms of licence Termination Agreement for cessation of production of certain licensed products.		
5	As on 31-03-2010, the company owes a sum of Rs.653.31 lacs (Previous Year 420.13 Lacs) to Micro Small and Medium Enterprises. As on date there are no claims on the Company towards overdue interest on the above outstanding. The above information has been given in respect of such vendors to the extent they could be identified as "Micro Small and Medium" enterprises on the basis of information available with the company.		

**6 Employee benefits**

1. Defined contribution plans
  - a. Provident Fund
  - b. Superannuation Fund
  - c. State defined contribution plan
    - Employer's contribution to Employee's state insurance

During the year, the company has recognised the following amounts in the Profit & Loss Account:

	2009-10	2008-09
Employer's Contribution to Provident Fund	62.29	62.19
Employer's Contribution to Superannuation Fund	23.54	15.24
Employer's Contribution to Employee's State Insurance	14.20	12.91
Included in Contribution to Provident Fund and other funds [Refer Schedule 14(e)]	100.03	90.34

	2009-10 Rupees in lacs	2008-09 Rupees in lacs
2. Defined Benefit Plans		
Contribution to Gratuity Fund (Funded Scheme)		
In accordance with Accounting Standard 15 (Revised 2005). Arrived as per actuarial valuation carried out in respect of the aforesaid defined benefit plan based on the following assumptions:		
Discount Rate (per annum)	8.00%	7.50%
Rate of increase in Compensation levels (per annum)	6.00%	6.00%
Rate of return on Plan Assets (for Funded Scheme)	8.50%	8.50%
A) Changes in the Present Value of Obligation		
Present value of Obligation as at April 1, 2009		
Interest Cost	367.11	328.88
Current Service Cost	29.37	24.67
Benefits Paid	17.25	20.02
Actuarial (gain)/loss on obligations	(19.50)	(15.16)
Present value of Obligation as at March 31, 2010	<u>(18.83)</u>	<u>8.70</u>
	<b>375.40</b>	367.11
B) Changes in the Fair Value of Plan Assets (For Funded Scheme)		
Present value of Plan Assets as at April 1, 2009		
Expected Return on Plan Assets	330.86	263.05
Actuarial Gains / (Losses)	24.14	18.40
Contributions	4.10	(1.26)
Benefits Paid	36.25	65.83
Fair Value of plan Assets as at March 31,2010	<u>(19.50)</u>	<u>(15.16)</u>
	<b>375.85</b>	330.86
C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets		
Present Value of funded Obligation as at March 31, 2010		
Present Value of Plan Assets as at the end of the year	375.40	367.11
Unfunded Liability / (Net Asset) Recognised in Balance Sheet	<u>375.85</u>	<u>330.86</u>
	<b>(0.45)</b>	36.25
D) Amount recognised in the Balance Sheet		
Unfunded Liability / (Net Asset)		
Contribution During the Year	(0.45)	36.25
Liability/(Asset) recognised in the Balance Sheet	-	-
included in Current Liabilities & Provisions (Schedule 11)	<u>(0.45)</u>	<u>36.25</u>
E) Expenses recognised in the Profit and Loss Account		
Current Service Cost		
Interest Cost	17.25	20.02
Expected Return on Plan Assets	29.37	24.67
Settlement Cost/(Credit)	24.14	18.40
Net actuarial (gain)/loss recognised in the period	-	-
Total Expenses recognised in the Profit and Loss Account	<u>(22.93)</u>	<u>9.96</u>
Included in Employees Cost (Schedule 14)	<b>(0.45)</b>	36.25

## ABC Bearings Limited

- 7 The Company's business activity falls within a single primary segment viz., manufacture of Bearings. As such there are no separate reportable segments as envisaged under Accounting Standard - 17.
- 8 Related party disclosure as required by Accounting Standard - 18 :
- A Related Parties :

<b>i) Associate Companies :</b>	<b>ii) Key Management Personnel :</b>
Mipco Seamless Rings (Guj.) Ltd.	Mr. P. M. Patel (Managing Director)
Mipco Investments Pvt. Ltd.	Mr. T.M. Patel (Executive Director)
Manoway Investments Pvt. Ltd.	Mr. S.M. Patel (Chairman)
Maple Investments Co. Pvt. Ltd.	
Emsons Leasing Co. Pvt. Ltd.	
Ziwani Properties Pvt. Ltd.	
Saturn Holdings and Properties Pvt.Ltd.	
Essex Properties Pvt.Ltd.	
NSK - ABC Bearings Limited (Joint Venture Company)	

		<b>2009-2010</b>	2008-2009
		<b>Rupees</b>	Rupees
		<b>in lacs</b>	in lacs
<b>B</b>	<b>Related Party Transaction :</b>		
	<b>Transactions</b>		
	<b>Associate Companies</b>		
	Rent		
	Emsons Leasing Co. Pvt. Ltd.	<b>0.05</b>	0.05
	Manoway Investments Pvt. Ltd.	<b>1.05</b>	1.05
	Lease charges received		
	Mipco Seamless Rings (Guj.) Ltd.	<b>0.06</b>	0.06
	Purchase of Fixed Assets (Wind Mill)		
	Mipco Seamless Rings (Guj.) Ltd.	<b>6.00</b>	-
	<b>Executive Directors</b>		
	Remuneration (Refer Note 15(b))		
	P. M. Patel	<b>174.48</b>	59.34
	T. M. Patel	<b>174.48</b>	59.34
	<b>Non Executive Directors</b>		
	Remuneration (Refer Note 15(c))		
	S.M. Patel	<b>34.90</b>	11.87
	Professional Fees and reimbursement of expenses		
	S. M. Patel	<b>63.50</b>	68.40
<b>C</b>	<b>Outstanding Balances as at</b>	<b>31.03.2010</b>	31.03.2009
	<b>Associate Companies</b>		
	Creditors		
	Mipco Seamless Rings (Guj.) Ltd.	<b>0.51</b>	-
<b>D</b>	There are no write offs or write back of any amounts for any of the above related parties.		
<b>9</b>	Opening and Closing Stock of goods manufactured during the year :-		

Class of goods manufactured		Opening Stock		Closing Stock	
		Nos	Rupees	Nos	Rupees
			in lacs		in lacs
Ball & Roller Bearings	2009-2010	677,495	1690.24	5,96,347	1359.87
	2008-2009	735,352	1447.62	677,495	1690.24
Components	2009-2010	52,820	49.52	136,326	31.99
	2008-2009	51,260	46.04	52,820	49.52



**10 (A) Information for each class of goods manufactured and sold during the year :**

Class of goods		Installed	Production	Sales	
		Capacity		Quantity	Value
		Nos.*	Nos	Nos.**	Rupees in lacs
Ball & Roller Bearings	2009-2010	7,200,000	52,22,187	53,03,335	16852.34
	2008-2009	7,200,000	4,581,474	4,639,331	14,643.97
Components	2009-2010	-	290,976	207,470	368.97
	2008-2009	-	321,030	319,470	386.86
Others (Trading Items)	2009-2010	-	-	-	165.10
	2008-2009	-	-	-	33.50
Total	2009-2010		55,13,163	55,10,805	17,386.41
	2008-2009		4,902,504	4,958,801	15,064.33

- i) Licensed capacity has not been shown as the industry has been delicensed.  
ii) Installed Capacity is as certified by the Management and accepted by the Auditors. \*  
iii) Sales includes free samples / captive consumption / transit loss 410 nos. (previous year 1192 nos.) \*\*

**(B) Raw Materials and Components consumed :**

	Unit	Quantity		Value	Rupees
		2009-2010	2008-2009	2009-2010	2008-2009
(i) Steel	MT	5543.27	4258.76	3,248.45	3,094.98
(ii) Rolled/Forged Rings	Nos	4,169,823	2,495,825	2,344.55	1,483.47
(iii) Bought-out Components				2,468.67	1,908.92
				<u>8,061.67</u>	<u>6,487.37</u>

**(C) Percentage of Consumption :**

	% of total consumption		2009-2010	2008-2009
	2009-2010	2008-2009	Rupees in lacs	Rupees in lacs
(i) Raw Materials and Components:				
Imported ( at landed cost)	<b>29.35</b>	32.76	<b>2,366.37</b>	2,125.46
Indigenous	<b>70.65</b>	67.24	<b>5,695.30</b>	4,361.91
	<u>100.00</u>	<u>100.00</u>	<u>8,061.67</u>	<u>6,487.37</u>
(ii) Stores and Spares :				
Imported (at landed cost)	<b>0.96</b>	3.29	<b>7.61</b>	25.59
Indigenous	<b>99.04</b>	96.71	<b>785.31</b>	752.83
	<u>100.00</u>	<u>100.00</u>	<u>792.92</u>	<u>778.42</u>

	2009-2010	2008-2009
	Rupees in lacs	Rupees in lacs
11 CIF Value of Imports:		
Raw Materials	<b>182.76</b>	3,763.33
Stores and Spares	<b>14.58</b>	24.57
Capital Goods	-	2.07

## ABC Bearings Limited

	2009-2010 Rupees in lacs	2008-2009 Rupees in lacs
12 Earnings in Foreign Exchange :		
F.O.B. Value of Exports	147.72	46.82
13 Expenditure in Foreign Currency: (on mercantile basis)		
Interest and Finance charges	56.72	144.62
Travelling Expenses	16.59	15.18
Technical service/ assistance fees	57.80	48.70
Fees paid to Foreign Technicians	12.68	13.56
Other	0.55	1.22
14 Remittance in foreign currency on account of dividend to non-resident shareholders:		
Number of shareholders	1	1
Number of shares held	2739098	2739098
Amount remitted	54.78	109.56
Year to which dividend relates	2008-09	2007-08
15 Computation of Net profit as per section 309(5) and section 198 of the Companies Act, 1956		
(a) Profit as per profit and loss Account	3,101.57	1,032.84
Add: Remuneration to Managing / Wholetime		
Directors (including perquisites)	348.95	118.68
Remuneration to Non wholetime Directors	34.90	11.87
Depreciation debited in accounts	422.67	503.82
Loss on sale of Assets(net)	-	3.55
Provision for Doubtful Debts	54.67	11.63
Provision for Diminution in value of Investment	-	9.00
	<u>861.19</u>	<u>658.55</u>
	<b>3962.76</b>	1691.39
Less: Profit on Fixed Assets sold / scrapped (Net)	50.55	-
Surplus on Redemption of Investment	-	0.73
Depreciation as per sec.350 of the Companies Act, 1956	<u>422.67</u>	<u>503.82</u>
	<b>473.22</b>	<u>504.55</u>
Net Profit as per section 349	<u><b>3,489.54</b></u>	<u><b>1,186.84</b></u>
(b) Remuneration to Managing / Wholetime Directors: under Section 198 of the Companies Act, 1956.		
Salary	156.96	86.96
Commission for the year to Managing and Executive Directors subject to ceiling of 10% of the Net Profit restricted to amount as approved by the Board	142.97	-
Contribution to Provident Fund and Superannuation Scheme	42.38	26.31
Other perquisites	6.64	5.41
	<u><b>348.95</b></u>	<u><b>118.68</b></u>

An application is made to the Central Government for approval of Executive Director's remuneration fixed in pursuance to the resolution passed at the last Annual General Meeting held on 21.07.2009. Provision made accordingly for payment of remuneration to Executive Director is subject to the approval which is awaited.

	<b>2009-2010</b>	<b>2008-2009</b>
	<b>Rupees</b>	<b>Rupees</b>
	<b>in lacs</b>	<b>in lacs</b>
(c) Commission to Non Wholetime Directors @ 1% of the net profit.	<b>34.90</b>	11.87
Total Managing / Wholetime & Non Wholetime Directors' remuneration including perquisites	<u><b>383.85</b></u>	<u>130.55</u>

16 Figures for the previous year have been regrouped wherever necessary for comparison.

17 Figures in italics are in respect of previous year.

18 Information pursuant to Part IV of Schedule VI to the Companies Act, 1956 is attached herewith.

Signature to Schedules 1 to 17

As per our report of even date

For and on behalf of the Board

For **PARIKH & SHAH**  
Chartered Accountants

**S. M. PATEL**  
Chairman

**H. K. DESAI**  
Partner

**S. B. DESAI**  
Company Secretary

**P. M. PATEL**  
Managing Director

Mumbai : 4th May 2010

Mumbai : 4th May 2010

<b>CASH FLOW STATEMENT</b>		<b>2009-2010</b>	<b>2008-2009</b>
		Rupees in lacs	Rupees in lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
<b>NET PROFIT BEFORE TAX</b>		<b>3,101.57</b>	<b>1,032.84</b>
Adjustment for:			
Depreciation	422.67		503.82
Bad Debts / Claims Written-Off	36.62		1.67
Provision for Doubtful Debts	54.67		11.63
Exceptional Items	(500.00)		62.71
(Profit) / Loss on sale of fixed assets(net)	(50.55)		3.55
Interest and finance charges	69.73		1,094.89
Dividend and interest income	(15.76)		(82.47)
Claims received	(0.72)		(1.97)
Sundry balances written back	(15.69)		(44.03)
Provision for Diminution in Value of Investment	-		9.00
(Surplus) / Loss on redemption of Investments	-		(0.73)
		<u>0.97</u>	<u>1558.07</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>3,102.54</b>	<b>2,590.91</b>
Trade and other receivables	(587.37)		1,016.42
Inventories	2,445.63		(2,495.28)
Trade Payable	793.23		(531.11)
		<u>2,651.49</u>	<u>(2,009.97)</u>
<b>CASH GENERATED FROM OPERATIONS</b>		<b>5,754.03</b>	<b>580.94</b>
Interest paid	(97.50)		(1,097.51)
Direct Taxes Received/(Paid) (Including Fringe Benefit Tax)	(983.33)		(474.16)
		<u>(1,080.83)</u>	<u>(1,571.67)</u>
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>		<b>4,673.20</b>	<b>(990.73)</b>
Exceptional Item		500.00	-
Claims Received		0.72	19.05
<b>NET CASH FLOW FROM OPERATING ACTIVITY</b>	<b>(A)</b>	<u><b>5,173.92</b></u>	<u><b>(971.68)</b></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets	(856.05)		(441.97)
(Purchase) / Sale of Investments ( Net)	-		13.36
Sale of Fixed Assets	83.88		5.93
Dividend & Interest Received	43.89		102.62
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(B)</b>	<u><b>(728.28)</b></u>	<u><b>(320.06)</b></u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>			
(Repayments)/ Proceeds from Outside Borrowings	(4,823.51)		1,578.17
Dividend paid	(227.46)		(457.14)
Taxes Paid on Distributed Profit	(39.26)		(78.52)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(C)</b>	<u><b>(5,090.23)</b></u>	<u><b>1,042.51</b></u>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	<u><b>(644.59)</b></u>	<u><b>(249.23)</b></u>
<b>CASH &amp; CASH EQUIVALENTS (Opening Balance)</b>		<b>893.70</b>	<b>1142.93</b>
<b>CASH &amp; CASH EQUIVALENTS (Closing Balance)</b>		<u><b>249.11</b></u>	<u><b>893.70</b></u>
		<u><b>(644.59)</b></u>	<u><b>(249.23)</b></u>

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board

For **PARIKH & SHAH**  
Chartered Accountants

**S. M. PATEL**  
Chairman

**H. K. DESAI**  
Partner

**S. B. DESAI**  
Company Secretary

**P. M. PATEL**  
Managing Director

Mumbai: 4th May, 2010

Mumbai: 4th May, 2010

**Information pursuant to part IV of the Companies Act, 1956**  
**Balance Sheet Abstract and Company's General Business Profile**

**i Registration details**

Registration No.      State Code

Balance Sheet Date          
 Date Month Year

**ii Capital raised during the year** (Amount in Rs. Thousands)

Public Issue    Rights Issue

Bonus Issue    Private Placement

**iii Position of Mobilisation and Deployment of funds** (Amount in Rs. Thousands)

<b>Total Liabilities</b>	<input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="5"/>	<b>Total Assets</b>	<input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="5"/>
<b>Sources of Funds</b>			
Paid-up Capital	<input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus	<input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="4"/>
Secured Loans	<input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="3"/>	Unsecured Loans	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Liability	<input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="8"/>		
<b>Application of Funds</b>			
Net Fixed Assets	<input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="2"/>	Investments	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/>
Net Current Assets	<input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="3"/>	Misc. Expenditure	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Accumulated Losses	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>		

**iv Performance of the Company** (Amount in Rs. Thousands)

Turnover	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/>	Total Expenditure	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="3"/>
+ - <input checked="" type="checkbox"/> Profit /Loss before tax	<input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="7"/>	+ - <input checked="" type="checkbox"/> Profit /Loss after tax	<input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="4"/>
Earning per Share in Rs.	<input type="text" value="1"/> <input type="text" value="7"/> . <input type="text" value="7"/> <input type="text" value="9"/>	Dividend Rate %	<input type="text" value="4"/> <input type="text" value="5"/>

**v Generic Names of Three Principal Products / Services of Company** [as per monetary terms]

Item Code No. [HS Code]

Product Description

Item Code No. [HS Code]

Product Description

Item Code No. [HS Code]

Product Description



**ABC BEARINGS LIMITED**

Regd. Office: 402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

**ATTENDANCE SLIP**

To be handed over at the entrance of the meeting hall

Full Name of the Member attending \_\_\_\_\_

Full Name of the First Joint-holder \_\_\_\_\_

(To be filled in if first named joint-holder does not attend the meeting)

Name of Proxy \_\_\_\_\_

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the FORTY-NINTH ANNUAL GENERAL MEETING of the Company held on Friday, the 6<sup>th</sup> August, 2010 at 4.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

Regd. Folio/ID No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

\_\_\_\_\_  
 Member's/Proxy's signature  
 (to be signed at the time of  
 handing over this slip)

(Please cut here)

**ABC BEARINGS LIMITED**

Regd. Office: 402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

**PROXY FORM**

I/We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

\_\_\_\_\_ being member(s) of the above named company, hereby

appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

as my/our proxy and to vote for me/us on my/our behalf at the FORTY-NINTH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 6<sup>th</sup> August, 2010 at 4.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Regd. Folio/ID No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Please affix 15 Paisa Revenue Stamp
--

The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

BOOK-POST

To,

**ABC**

*If Underlivered, please return to:*

**ABC Bearings Limited**

Registered Office : 402-B, Poonam Chambers

Dr. Annie Besant Road, Worli, Mumbai 400 018