

**ABC**



**Annual Report  
2010-2011**

# ABC



New Uttarakhand Plant



**BOARD OF DIRECTORS**

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

**COMPANY SECRETARY**

S.B. Desai

**AUDITORS**

Parikh & Shah  
Chartered Accountants

**COST AUDITORS**

B.J.D Nanabhoy & Co.  
Cost Accountants

**SOLICITORS**

Desai & Diwanji  
Advocates & Solicitors

**BANKERS**

IDBI Bank Ltd.  
State Bank of India

**REGISTERED OFFICE**

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

**REGISTRARS &  
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

**WORKS**

- 1 GIDC Industrial Estate,  
Bharuch - 392 015, Gujarat State.  
Phone: 02642 - 248222/3/4, 246353  
Fax: 02642 - 247591  
E-mail: marketing@abcbearings.com
- 2 Khasra No. 122 MI, Central Hope Town,  
Village: Selaqui, Tehsil: Vikas Nagar,  
Dehradun - 248197, Uttarakhand.

<b>CONTENTS</b>	<b>PAGE NO.</b>
Notice .....	2
Directors' Report .....	8
10 Years' Highlights .....	12
Corporate Governance Report .....	13
Management Discussion & Analysis .....	22
Auditors' Report .....	25
Balance Sheet .....	28
Profit and Loss Account .....	29
Schedules 1 to 16 .....	30
Cash Flow Statement .....	44
Balance Sheet Abstract and Company's General Business Profile .....	45

## NOTICE

NOTICE is hereby given that the Fiftieth Annual General Meeting of the Members of **ABC Bearings Limited** will be held on **Friday, the 29<sup>th</sup> July, 2011 at 4.30 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, 2011 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. S.K. Diwanji, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S.M. Patel, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr. S.M. Patel as the Executive Chairman of the Company for a period of five years with effect from 2<sup>nd</sup> May, 2011 on the terms and conditions including remuneration as set out in the draft Agreement to be entered into between the Company and Mr. S.M. Patel, copy whereof initialled by the Chairman for the purpose of identification is placed before this meeting, be and is hereby approved.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps including the power to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to, between the Board and Mr. S.M. Patel, subject to such approval as may be necessary, proper and expedient and to do any act, deeds, matters and things to give effect to this Resolution.”
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr. P.M. Patel as the Managing Director of the Company for a period of five years with effect from 1st August, 2011, on the terms and conditions including remuneration as set out in the draft Agreement to be entered into between the Company and Mr. P.M. Patel, copy whereof initialled by the Chairman for the purpose of identification is placed before this meeting, be and is hereby approved.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps including the power to alter and vary the terms and conditions of the said appointment, in such manner as may be agreed to between the Board and Mr. P.M. Patel, subject to such approval as may be necessary, proper and expedient and to do any act, deeds, matters and things to give effect to this Resolution.”
8. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT in accordance with the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, and in supersession of the Ordinary Resolution passed at the Annual General Meeting of the Company held on 19th September, 1995, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing moneys from time to time for purpose of the business of the Company notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however that the total amount upto which moneys may be borrowed shall not at any time exceed a sum of ₹ 500 crores (Rupees Five Hundred crores only).”

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, and in partial modification to the earlier resolution(s) passed in this regard, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages/charges/hypothecation in any manner whatsoever on all or any of the immovable and movable properties of the Company, present and future, of the whole or substantially the whole of the undertaking of the Company, ranking pari-passu or otherwise and/or second and/or subservient and/or subordinate to the mortgages/charges/hypothecation already created or to be created in future by the Company for securing any loans and/or advances and/or guarantees and/or any financial assistance obtained or may be obtained from Financial Institutions, Banks or machinery suppliers and/or any other persons or institutions providing finance for purchase of assets and/or for the business of the Company or for working capital or for purchase of specific items of machinery and equipments under any deferred payment scheme or bills discounting scheme or in favour of trustees for Debenture holders/Bondholders/FCCB holders that may be appointed hereafter, as security for the Debentures/Bonds/FCCBs that may be issued by the Company, with power to take over the management, business and concern thereof in certain events of default, on such terms and conditions and at such times and in such form and manner as the Board of Directors may deem fit, so that the total outstanding amount at any time so secured shall not exceed the aggregate of the amounts consented by the Company by the Resolution passed at this meeting pursuant to Section 293(1)(d) of the Companies Act, 1956 i.e. ₹ 500 crores together with interest hereon and further interest, if any, cost, charges, expenses, remuneration payable to the trustees and all other monies payable by the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to and cause to prepare, finalise, approve and execute on behalf of the Company with the lenders, banks, machinery suppliers, persons, institutions and trustees for the Debenture/Bond/FCCB holders, the documents, deeds, agreements, declarations, undertakings and writings as may be necessary and expedient for giving effect to the foregoing resolution and also to delegate all or any of the above powers to the Committee of Directors or the Managing Director or the Director or the Principal Officer of the Company.”

#### 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 22<sup>nd</sup> July, 2011 to Friday, the 29<sup>th</sup> July, 2011 (both days inclusive).
4. Pursuant to Section 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

The tentative dates for transfer to IEPF of the dividend remaining unclaimed/unpaid since 2003-04 are provided hereunder:

Financial Year	Rate (%)	Date of declaration of Dividend	Tentative dates for transfer to IEPF
2003-04	15%	20.07.2004	25.08.2011
2004-05	30%	19.07.2005	24.08.2012
2005-06	40%	10.08.2006	15.09.2013
2006-07	40%	24.07.2007	29.08.2014
2007-08	40%	16.07.2008	21.08.2015
2008-09	20%	21.07.2009	26.08.2016
2009-10	45%	06.08.2010	11.09.2017

Those members, who have not encashed the dividend warrant/s for the above years, 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 16<sup>th</sup> 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. 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 register their e-mail address with the Share Transfer Agents for sending notice/documents through e-mail.
9. 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: <a href="mailto:marketing@bigshareonline.com">marketing@bigshareonline.com</a>
Andheri (E), Mumbai-400 072.	Website: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a>
10. Members are requested to quote their Folio/DP ID Number(s) in all correspondence with the Company's Share Transfer Agents.
11. Members/Proxies should bring the attendance slip duly filled-in for attending the meeting.
12. Members are requested to bring their copy of Annual Report to the Meeting.

By Order of the Board of Directors

**Registered Office:**

402-B, Poonam Chambers,  
Dr. Annie Besant Road,  
Worli, Mumbai – 400 018.  
Date: 2<sup>nd</sup> May, 2011.

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

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

### Item No.6:

Mr. S. M. Patel has been associated with the Company as Director for the past 22 years out of which he has been Chairman for the last 10 years. He has also been actively involved as Financial Advisor to the Company for seven years. Under his able guidance, the Company has benefited well which can be seen in the increased profitability of the Company. In view of his active involvement, the Board of Directors at their meeting held on 2<sup>nd</sup> May, 2011 decided to appoint Mr. S.M. Patel as Executive Chairman for a period of 5 years with effect from 2nd May 2011, on the terms and conditions including the remuneration as set out in the draft agreement, which are as under:

#### A. Salary

The Executive Chairman shall be paid by way of monthly basic salary a sum of ₹ 15,00,000/- with effect from 2nd May, 2011 with 20% annual increment.

#### B. Commission

As may be decided by the Board of Directors at the end of each year, calculated with reference to the net profit of the Company during the financial year, subject to overall ceiling as prescribed in Sections 198 and 309 of the Companies Act, 1956.

#### C. Perquisites & Allowances:

In addition to salary, the Executive Chairman shall be entitled to the following perquisites and benefits:

- i) Accommodation (furnished/unfurnished) or House Rent Allowance in lieu thereof;
- ii) Maintenance and upkeep, all monthly outgoings, cost of repairs, furnishings, payment of actual expenses for gas, electricity, water;
- iii) Reimbursement of actual expenditure on medical treatment for self and dependent family members;
- iv) Leave travel for self and dependent family members;
- v) Subscription to Club fees and other expenses incurred at the club;
- vi) Medical/accident insurance;
- vii) 2 cars with Drivers maintained and fuelled by the Company for the use of Mr. S. M. Patel and his family;
- viii) Other perquisites subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income tax Rules wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.

#### D. Retirement Benefits

Provident Fund, Gratuity and Superannuation on the fixed monthly salary in accordance to the Company's Rules.

#### E. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where, in any financial year during the currency of the tenure of Mr. S.M. Patel, the Company has no profits or its profits are inadequate, the Company will pay to Mr. S.M. Patel, remuneration by way of Salary, Benefits, Perquisites and Allowances as specified above.

**F. Retirement by Rotation:**

Mr. S.M. Patel shall be subject to retirement by rotation.

**G. Sitting Fees:**

The Executive Chairman shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

The particulars set out above may be treated as an abstract of the Agreement, proposed to be entered into between the Company and Mr. S.M. Patel under the provisions of Section 302(2) of the Companies Act, 1956.

None of the Directors of the Company is, in any way, deemed to be concerned or interested in the aforesaid resolution except Mr. S.M. Patel himself, Mr. P.M. Patel and Mr. T.M. Patel being brothers and as such related to each other.

The Board of Directors recommends the resolution for approval of the members.

The draft Agreement, referred to above, to be entered into with Mr. S.M. Patel is available for inspection by the members of the Company at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days, except Saturdays till the date of the Annual General Meeting.

**Item No. 7:**

The shareholders at the Annual General Meetings held on 10<sup>th</sup> August, 2006 and 21<sup>st</sup> July, 2009 approved the appointment of and payment of remuneration to Mr. P. M. Patel, Managing Director from 01/08/2006 to 31/07/2011. The Directors have at their meeting held on 2<sup>nd</sup> May, 2011, re-appointed Mr. P.M. Patel as Managing Director, for a further period of 5 years with effect from 1<sup>st</sup> August 2011, on the terms and conditions including the remuneration as set out in the draft agreement, which are as under:

**A. Salary**

The Managing Director shall be paid by way of monthly basic salary a sum of ₹ 14,50,000/- with effect from 1<sup>st</sup> August, 2011 with 20% annual increment.

**B. Commission**

As may be decided by the Board of Directors at the end of each year calculated with reference to the net profit of the Company during the financial year, subject to overall ceiling as prescribed in Sections 198 and 309 of the Companies Act, 1956.

**C. Perquisites & Allowances:**

In addition to salary, the Managing Director shall be entitled to the following perquisites and benefits:

- i) Accommodation (furnished/unfurnished) or House Rent Allowance in lieu thereof;
- ii) Maintenance and upkeep, monthly outgoings, cost of repairs, furnishings, payment of actual expenses for gas, electricity, water;
- iii) Reimbursement of actual expenditure on medical treatment for self and family;
- iv) Leave travel for self and family;
- v) Club fees;
- vi) Medical/accident insurance;
- vii) 2 cars with Driver maintained and fuelled by the Company for the use of Mr. P. M. Patel and his family;
- viii) Other perquisites subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income tax Rules wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.



**D. Retirement Benefits**

Benefits of Provident Fund, Gratuity and Superannuation on the fixed monthly salary according to the Company's Rules.

**E. Minimum Remuneration:**

Notwithstanding anything to the contrary herein contained, where, in any financial year during the currency of the tenure of Mr. P.M. Patel, the Company has no profits or its profits are inadequate, the Company will pay to Mr. P.M. Patel, remuneration by way of Salary, Benefits, Perquisites and Allowances as specified above.

**F. Retirement by Rotation:**

So long as Mr. P.M. Patel functions as Managing Director of the Company, he shall not be subject to retirement by rotation.

**G. Sitting Fees:**

The Managing Director shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

The particulars set out above may be treated as an abstract of the Agreement, proposed to be entered into between the Company and Mr. P.M. Patel under the provisions of Section 302(2) of the Companies Act, 1956.

None of the Directors of the Company is, in any way, deemed to be concerned or interested in the aforesaid resolution except Mr. P.M. Patel himself, Mr. S.M. Patel and Mr. T.M. Patel being brothers and as such related to each other.

The Board of Directors recommends the resolution for approval of the members.

The draft Agreement, referred to above, to be entered into with Mr. P.M. Patel is available for inspection by the members of the Company at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days, except Saturdays till the date of the Annual General Meeting.

**Item No.8:**

The members conferred powers on the Board of Directors to borrow moneys under Section 293(1)(d) of the Companies Act, 1956, at their meeting held on 19<sup>th</sup> September, 1995 specifying a maximum limit of ₹ 200 crores.

The Company since then has expanded and diversified its activities and proposals are on hand for further expansion. The Company's total borrowings may therefore exceed the aforesaid limit in the coming years. It is therefore now proposed to increase the borrowing limit of the Company from ₹ 200 crores to ₹ 500 crores as set out in item No. 8 of the notice convening the meeting.

Your Directors recommend the resolution for your approval.

None of the Directors is, in any way, concerned or interested in the resolution.

**Item No.9:**

Looking at the ongoing projects/capital expenditure(s)/providing security and/or projects may be undertaken by the Company in future, the Company proposes to make further borrowings from Bank(s), consortium of Banks, Financial Institutions and other lenders which shall be secured by creation of charge on immovable and movable properties of the Company relating to its one or more undertaking(s).

The Board of Directors of the Company recommend for your consent under Section 293(1)(a) of the Companies Act, 1956, the resolution for mortgage of the Company's assets to secure the borrowings made or to be made by the Company from time to time.

The resolution at Item No.9 is therefore, recommended for your approval.

None of the Directors of the Company is concerned or interested in the aforesaid resolution.

By Order of the Board of Directors

Registered Office:  
402-B, Poonam Chambers,  
Dr. Annie Besant Road,  
Worli, Mumbai – 400 018.  
Date: 2<sup>nd</sup> May, 2011.

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

## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Fiftieth Annual Report with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS:

	Year ended 31.03.2011 ₹ in lacs	Year ended 31.03.2010 ₹ in lacs
Gross Profit before Interest, Depreciation and Tax	4676.63	3593.97
Less: Interest & Finance Charges	53.56	69.73
Depreciation	419.53	422.67
Profit before Tax	4203.54	3101.57
Less: Provision for tax		
Current Tax	(1200.00)	(1030.00)
Income Tax for earlier years	(20.07)	-
Deferred Tax (Charge)/Credit	(156.72)	(17.13)
Profit after Tax	2826.75	2054.44
Add: Balance brought forward from previous year	617.40	569.04
Amount available for appropriations	3444.15	2623.48
Appropriations:		
Proposed Dividend	693.00	519.75
Tax on proposed dividend	112.42	86.33
Transfer to General Reserves	1800.00	1400.00
Balance carried to Balance Sheet	838.73	617.40
	<b>3444.15</b>	<b>2623.48</b>

### OPERATIONS:

With the Indian economy back on the growth path, the year under review was a satisfying one for the Company. The growth in the automotive sector in which your Company sells majority of its products surpassed all expectations. Therefore the demand for the Company's products remained robust throughout the year. The Company utilised near full capacity to meet the increased demand for its products.

The plant in Uttarakhand commenced its operations as scheduled and ramp up of production commenced gradually in line with the customer's requirements.

The slewing and large bearing project was completed on schedule and within budget. Commercial production commenced in March 2011. A number of enquiries from various customers have been received and the Company is confident of improving the capacity utilisation during the year.

With all around good economic growth especially in the auto sector, the Company has posted its best ever sales of ₹ 200.27 crores representing a 24% growth over the previous year in its fiftieth year of operations.

With the improved capacity utilisation and keeping the costs under control, the Company was able to improve on all the margins and post a good profitability for the year under review.

**DIVIDEND:**

The Directors are pleased to recommend a dividend of ₹ 6/- (60%) per Share for the financial year ended 31<sup>st</sup> March 2011, including Golden Jubilee Special Dividend of ₹ 1/- per share (10%) 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 29<sup>th</sup> July, 2011 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 Ltd., Japan, continues to be active and the Company is receiving the requisite support whenever required.

**JOINT VENTURE COMPANY:**

The Joint Venture Company NSK-ABC Bearings Limited's top line has been performing as per its business plans. It is in the process of establishing its business activities and we should see positive cash flow in the years to come.

**SALE OF SHARES:**

During the year under review, the Company sold its entire holding in Mipco Seamless Rings (Gujarat) Limited for ₹ 31.55 lacs pursuant to Share Purchase Agreement entered as per SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

**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 online.

**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. S.K. Diwanji and Mr. S.M. Patel 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 2011-12, 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: 2nd May, 2011.

**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:

- (a) The Uttarakhand factory utilises maximum natural light for its functioning in the daytime.
- (b) At the Bharuch and Uttarakhand factory, air Extractors have been installed on the shop floor to increase ventilation resulting in saving the energy consumption.
- (c) The slewing and large bearing factory at Bharuch utilises maximum natural light for its functioning in the daytime by using transparent polycarbonate sheets in the roof. Insulation provided in the roof eliminates need of any fans for ventilation purposes.

### B. TECHNOLOGY ABSORPTION:

The Company gets technical support from NSK Ltd., Japan on an ongoing basis based upon the long term agreement in force.

1. Several new measuring instruments have been procured to enhance quality control and enhance our process capability.
2. A full fledged machine building section has been established in the Bharuch plant. Its primary function is to rebuild and upgrade old machines and also automate the entire manufacturing process.
3. Improvements are being carried out for process capability enhancement.
4. Many new bearings have been developed for existing and new customers and also for exports.
5. A full fledged Tool- room section has also been installed to reduce machine down time and also reduce new bearing development lead time.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings : ₹ 274.87 lacs

Outgo : ₹ 101.43 lacs

For and on behalf of the Board

Place: Mumbai  
Date: 2nd May, 2011.

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

## 10 YEARS' H I G H L I G H T S

₹ in lacs

PARTICULARS	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Sales &amp; Other Income</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>	<b>22480.14</b>
Materials Consumed	3349.51	3451.84	4969.77	6790.84	8239.07	9235.20	8907.07	7286.85	9151.34	11161.48
Excise Duty	1031.07	1138.58	1464.84	2019.08	2413.71	3000.90	2700.48	1678.37	1332.79	1965.02
Employee Cost	1108.07	1067.36	1075.84	1069.49	1186.26	1122.80	1192.12	1052.55	1249.53	1578.02
Interest & Finance Charges	736.87	608.24	342.00	280.96	269.36	382.51	318.46	1094.89	69.73	53.56
Depreciation	408.72	546.69	676.85	630.19	684.15	801.89	684.10	503.82	422.67	419.53
Other Expenses	1365.52	1590.02	1695.15	2366.32	2749.38	3547.19	2888.98	2605.04	2910.36	3098.99
Profit/(Loss) Before Tax & Exceptional Items	(282.20)	217.87	976.29	2107.34	2713.30	3501.02	2843.63	1104.55	2601.57	4203.54
Exceptional Items	-	-	-	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	-	10.56	91.00	910.00	979.15	1196.40	1011.86	359.50	1030.00	1220.07
Provision for Deferred Tax (Charge)/Credit	100.46	(61.41)	(270.72)	177.64	235.62	136.57	166.09	(15.84)	(17.13)	(156.72)
<b>Profit / (Loss) After Tax &amp; Exceptional Items</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>	<b>2826.75</b>
Prior Period Adjustment (net)	58.54	-	-	-	-	-	-	-	-	-
Equity Dividend	-	-	173.25	346.50	462.00	462.00	462.00	231.00	519.75	693.00
<b>Equity Dividend %</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>	<b>60</b>
Retained Earnings	(475.54)	145.90	426.41	757.13	1043.89	1472.59	1051.06	387.24	1448.36	2021.33
Gross Fixed Assets	8821.30	8865.47	9054.62	9168.41	10183.96	11373.25	12106.74	12645.86	13437.31	17704.16
Net Fixed Assets	4349.79	3853.18	3405.68	2970.69	3378.52	3825.21	3898.64	3966.96	4355.52	8363.23
Investments	22.91	17.46	21.73	21.73	139.05	21.73	1271.73	1250.10	1250.10	1250.10
Net Current Assets	3241.53	3152.31	3429.45	4042.36	4433.83	6262.88	5956.97	7975.12	4217.03	4469.56
Deferred Revenue Exp.	160.32	663.23	440.48	217.74	834.37	406.28	-	-	-	-
Total Assets (Net)	7774.55	7686.18	7297.34	7252.52	8785.77	10516.10	11127.34	13192.18	9822.65	14082.89
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>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>6472.78</b>	<b>7921.14</b>	<b>9942.47</b>
Net Worth	2403.48	2549.38	2975.79	3732.92	4776.82	6249.41	7280.47	7627.78	9076.14	11097.47
Borrowings	4730.57	4434.89	3348.92	2724.61	3449.58	3843.89	3590.16	5291.85	456.83	2539.02
Deferred Tax Liability	640.50	701.91	972.63	794.99	559.37	422.80	256.71	272.55	289.68	446.40
Total Fund Employed	7774.55	7686.18	7297.34	7252.52	8785.77	10516.10	11127.34	13192.18	9822.65	14082.89
Earnings per Share ₹	(4.62)	1.26	5.38	9.98	13.60	17.43	13.78	5.69	17.79	24.47
<b>Book value per Share ₹</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>	<b>96.08</b>
Debt: Equity	2.11	2.35	1.32	0.78	0.88	0.66	0.49	0.69	0.05	0.23
Turnover/Inventory(Times)	5.78	6.00	6.86	6.82	6.24	6.45	6.16	4.50	5.45	10.07
Turnover/Net Block	1.77	2.24	3.29	5.14	5.40	5.64	5.01	3.86	4.07	2.69
Current Assets/Current Liabilities	3.35	3.02	2.80	2.96	2.62	3.03	2.76	4.36	2.22	2.11
Number of Shareholders	8603	8298	7870	7161	7097	7401	7757	8345	7625	10764
No. of Employees	878	567	526	509	314	331	355	355	337	365

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company firmly believes that Corporate Governance is very closely linked to its core values and is associated with best practices, a fine blend of law, regulation and voluntary practices with the overall objective of protecting the interests of its stakeholders. The Company continues to focus on best practices in the area of Corporate Governance with specific emphasis on ensuring accountability and transparency.

Your Company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing Agreement, the details of which are given below:

### 2. GOVERNANCE PRACTICES

The Company's Corporate Governance practices are driven by the ideology of transparency, integrity, ethical conduct, openness and fair reporting. The Company has adopted various best practices with a view to ensure that its corporate responsibilities are fully met.

The following codes have been included in the Code of Corporate Governance:

#### (a) Code of Conduct

The Company's Code of Conduct, which is required to be following by the Board Members and Senior Management Personnel is based on the principle that business should be conducted ethically, honestly and with integrity, to the exclusion of personal gains. The document also requires conduct of business in a professional manner directed towards maintaining and enhancing the reputation of the Company.

#### (b) Prohibition of Insider Trading

The Company's Code of Conduct for prevention of Insider Trading, which applies to Board Members and Senior Management, seeks to prohibit trading in the securities of the Company based on insider or privileged information.

#### (c) Confidentiality of Information

Any information concerning the Company's business, its customers, suppliers, etc. to which the Directors and Senior Management have access or which is possessed by the Directors and Senior Management, must be considered privileged and confidential and should be held in confidence at all times, and should not be disclosed to any person, unless (i) specifically authorised; or (ii) the same is part of the public domain at the time of disclosure; or (iii) is required to be disclosed in accordance with applicable laws.

#### (d) Health, Safety and Environment

The Board Members and Senior Management shall be committed to prevent the wasteful use of natural resources and minimise any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

#### (e) Protection of Assets

The Board Members and Senior Management shall employ the assets of the Company and for the purpose of conducting the business for which they are duly authorised. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers etc.

#### (f) Financial Reporting And Records

The Board Members and Senior Management will prepare and maintain their accounts fairly and accurately in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the Company or its subsidiaries conducts its business affairs.

#### (g) Quality Services

The Board Members and Senior Management will be committed to render services of the highest quality standards, backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction. The quality standards of the Company's services should meet the required international standards.

**(h) Shareholders**

The Board Members and Senior Management will be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The Board of Directors of the Company will duly and fairly inform the shareholders about all relevant aspects of the Company's business and disclose such information in accordance with the respective regulations and agreements.

**3. 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 Directorships of other Public Companies	No. of Committees in which Chairman/ Member of other Public Companies		No. of Board Meetings attended	Whether attended last AGM Yes/No
			Member	Chairman		
Mr. S.M. Patel Chairman	Non-Executive	2	1	-	4	Yes
Mr. P.M. Patel	Managing Director	4	3	-	4	Yes
Mr. T.M. Patel	Executive Director	2	2	-	3	Yes
Mr. Y.H. Malegam	Non-Executive – Independent	8	2	4	4	Yes
Mr. S.K. Diwanji	Non-Executive – Independent	4	4	1	4	Yes
Mr. C.U. Shah	Non-Executive – Independent	-	-	-	3	Yes
Mr. Jal R. Patel	Non-Executive – Independent	5	3	3	4	Yes

This excludes alternate directorships/directorships in foreign companies, wherever applicable.

During the financial year 2010-11, four Board meetings were held on the following dates i.e. on 4<sup>th</sup> May, 2010, 6<sup>th</sup> August, 2010, 25<sup>th</sup> October, 2010 and 18<sup>th</sup> January, 2011 and the Annual General Meeting was held on 6<sup>th</sup> August, 2010.

**4. CODE OF CONDUCT:**

The Board of Directors has adopted the Code of Business conduct and Ethics 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 2010-2011.

**P.M. Patel**  
Managing Director



## 5. AUDIT COMMITTEE:

The Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its statutory requirements. The Committee makes recommendations to the Board within the delegated authority. The terms of reference of the Audit Committee are in accordance with clause 49(II) of the Listing Agreement with the Stock Exchange.

The responsibilities of the Audit Committee include inter-alia:

Overseeing the financial reporting process to ensure proper disclosure of financial statements;

- Reviewing with the management, the Company's financial statements before submission to the Board for approval with particular reference to:
  - a. Changes, if any, in accounting policies and practices and reasons for the same;
  - b. Significant adjustments made in the financial statements arising out of audit findings;
  - c. Disclosure of any related party transactions;
  - d. Qualification in the draft audit report, if any.
- Recommending appointment/removal of statutory 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, internal audit reports, discussion with internal auditors, any significant findings and actions arising out of reports;
- 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 2010-11, four Audit Committee Meetings were held on the following dates i.e. on 4<sup>th</sup> May, 2010, 6<sup>th</sup> August, 2010, 25<sup>th</sup> October, 2010 and 18<sup>th</sup> January, 2011.

## 6. REMUNERATION COMMITTEE:

The Remuneration Committee of the Board is constituted to formulate and recommend to the Board from time to time, a compensation structure for whole-time directors of the Company. All compensation/remuneration payable to the directors are as approved by the shareholders in the general meeting.

The Remuneration Committee comprising of three Non-Executive Independent Directors and one Non-Executive Director, recommends/reviews the remuneration packages of the Whole-time Directors, which inter-alia is based on the criteria such as industry benchmarks, financial performance of the Company, performance of the Whole-time Directors, etc.

The composition of the Remuneration Committee is as under:

Name of the Director	Category	Chairman/Member
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

Based on the recommendations of the Remuneration Committee, the remuneration of the Whole-time Directors is decided by the Board of Directors. The Company pays remuneration to the Whole-time Directors by way 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 Whole-time Directors/details of salary and perquisites and contribution to Provident Fund and Superannuation paid for the financial year ended 31<sup>st</sup> March, 2011 are as under:

Name	Tenure	Salary (₹)	Perquisites (₹)	Commission (₹)	Contribution to Provident Fund/Super- annuation (₹)	Total (₹)
Mr. P.M. Patel	Reappointed for a period of 5 years from 01.08.2006	1,03,68,000	4,52,727	96,53,928	27,99,360	2,32,74,015
Mr. T.M. Patel	Reappointed for a period of 3 years from 01.04.2009	84,67,200	2,22,448	96,53,928	22,86,144	2,06,29,720

The Non-Executive Directors are paid sitting fee @ ₹ 15,000/- for attending Board Meeting, ₹ 10,000/- for attending Audit Committee Meeting and for attending Remuneration Committee Meeting @ ₹ 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 ₹ 4,05,000/-. 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:

Name of the Non-Executive Director	Sitting Fees paid during the period 01.04.2010 to 31.03.2011 (₹)	No. of shares held As on 31 <sup>st</sup> March, 2011 (Nos.)
Mr. S.M. Patel	1,00,000	—
Mr. Y.H. Malegam	60,000	7,445
Mr. S.K. Diwanji	1,00,000	7,950
Mr. C.U. Shah	45,000	10,000
Mr. Jal R. Patel	1,00,000	350

As decided by the Board, commission payable to Non-Executive Director, Mr. S.M. Patel is ₹ 46.55 lacs.

There was no Remuneration Committee meeting held during the year under review as there was no revision of remuneration of any whole-time director.

#### 7. COMPLIANCE OFFICER:

Mr. S.B. Desai, Company Secretary acts as Compliance Officer of the Company for ensuring compliance with the requirements of Listing Agreement with the Stock Exchange and under SEBI Regulations as amended from time to time.

#### 8. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Board of Directors of the Company constituted the Transfer-Cum-Shareholders'/ Investors' Grievance Committee consisting of three Directors of the Company viz. Mr. S.M. Patel as Chairman, Mr. P.M. Patel and Mr. T.M. Patel as members. The Company had appointed M/s. Bigshare Services Private Limited to act as Registrar and Transfer Agent of the Company.

The Committee inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with securities' transfers, transmissions, sub-divisions, consolidations etc. The Committee also monitors redressal of investors' grievances.

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

Name of the Director	Chairman or Member	No. of Committee Meetings attended
Mr. S.M. Patel	Chairman	18
Mr. P.M. Patel	Member	18
Mr. T.M. Patel	Member	Nil

During the year, the Transfer-Cum-Shareholders'/Investors' Grievance Committee held its meetings on 16<sup>th</sup> April, 2010, 30<sup>th</sup> April, 2010, 31<sup>st</sup> May, 2010, 15<sup>th</sup> June, 2010, 30<sup>th</sup> June, 2010, 29<sup>th</sup> July, 2010, 21<sup>st</sup> September, 2010, 8<sup>th</sup> October, 2010, 29<sup>th</sup> October, 2010, 15<sup>th</sup> November, 2010, 30<sup>th</sup> November, 2010, 3<sup>rd</sup> January, 2011, 14<sup>th</sup> January, 2011, 3<sup>rd</sup> February, 2011, 15<sup>th</sup> February, 2011, 4<sup>th</sup> March, 2011, 17<sup>th</sup> March, 2011 and 28<sup>th</sup> March, 2011.

During the year under review all the complaints/grievances that were received from the shareholders/investors, have been attended to and satisfactorily resolved. No valid transfer/transmission of shares was pending as on 31<sup>st</sup> March, 2011.

The information about complaints received and their disposal during the year is tabulated hereunder:

Nature of complaint	No. of complaints received	No. of complaints resolved
Non receipt of Annual Report	2	2
Non receipt of certificate against indemnity/ name deletion/ transmission	1	1
Non receipt of Demat Credit	3	3
Non receipt of Demat rejection documents	1	1
Non receipt of Dividend Warrant	20	20
Non receipt of exchange share certificate	5	5
Non receipt of share certificate after transfer	3	3
SEBI	3	3
Total	38	38

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

All valid share transfers, received during the year ended 31<sup>st</sup> March, 2011, have been acted upon and there were no share transfers pending as on 31<sup>st</sup> March, 2011.

## 9. 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
2007-2008	16 <sup>th</sup> July, 2008	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	4.30 p.m.
2008-2009	21 <sup>st</sup> July, 2009	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	4.00 p.m.
2009-2010	6 <sup>th</sup> August, 2010	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 and 2009-2010.

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.

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

1. Mr. S.K. Diwanji, aged 71 years, is a Solicitor, Advocate and Notary with over 43 years of experience in the legal profession. He is a Senior Partner of Messrs. Desai & Diwanji, an eminent firm of Advocates, Solicitors & Notaries. He joined the Board of the Company on 23<sup>rd</sup> June, 1988. He is also a Director of the following public limited companies:-

Sr.No.	Name of the Company	Designation/Membership/Chairmanship of Board Committees
1	Borax Morarji Limited	Director/Chairman of Audit Committee
2	HDFC Trustee Co. Ltd.	Director/Member of Audit Committee
3	Citadel Realty & Developers Ltd.	Director/Member of Audit Committee
4	Hawkins Cookers Ltd.	Director/Member of Audit Committee/ Member of Shareholders Grievance Committee.

2. Mr. S.M. Patel, aged 66 years, is the Non-Executive Chairman of the Company. He has finance background with a qualification of Diploma in Accountancy & Finance and C.A. (Inter) Kenya. He has been associated with the Bearings Industry for over two decades. He joined the Board of the Company on 2<sup>nd</sup> September, 1989 and is also a Director of the following public limited companies:-

Name of the Company	Designation/Membership of Board/Committees
Mipco Seamless Rings (Gujarat) Limited	Director
Daikaffil Chemicals India Ltd.	Director/Member of Audit Committee
NSK-ABC Bearings Limited	Alternate Director

#### 11. DISCLOSURES:

During the year 2010-11, 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:

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

#### 11. MEANS OF COMMUNICATION:

The Board of Directors of the Company approves and takes on record the unaudited financial results of the Company within 45 days 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 60 days, 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](http://www.abcbearings.com).

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

**12. GENERAL SHAREHOLDER INFORMATION:****Annual General Meeting**Date : 29<sup>th</sup> July, 2011.

Time : 4.30 p.m.

Venue : Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

**13. 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 April/May as permitted under the Listing Agreement.

**14. DATE OF BOOK CLOSURE**Friday, the 22<sup>nd</sup> July, 2011 to Friday, the 29<sup>th</sup> July, 2011 (both days inclusive)**15. DIVIDEND PAYMENT DATE**After 29<sup>th</sup> July, 2011.**16. LISTING ON STOCK EXCHANGES**

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

**17. STOCK CODE**

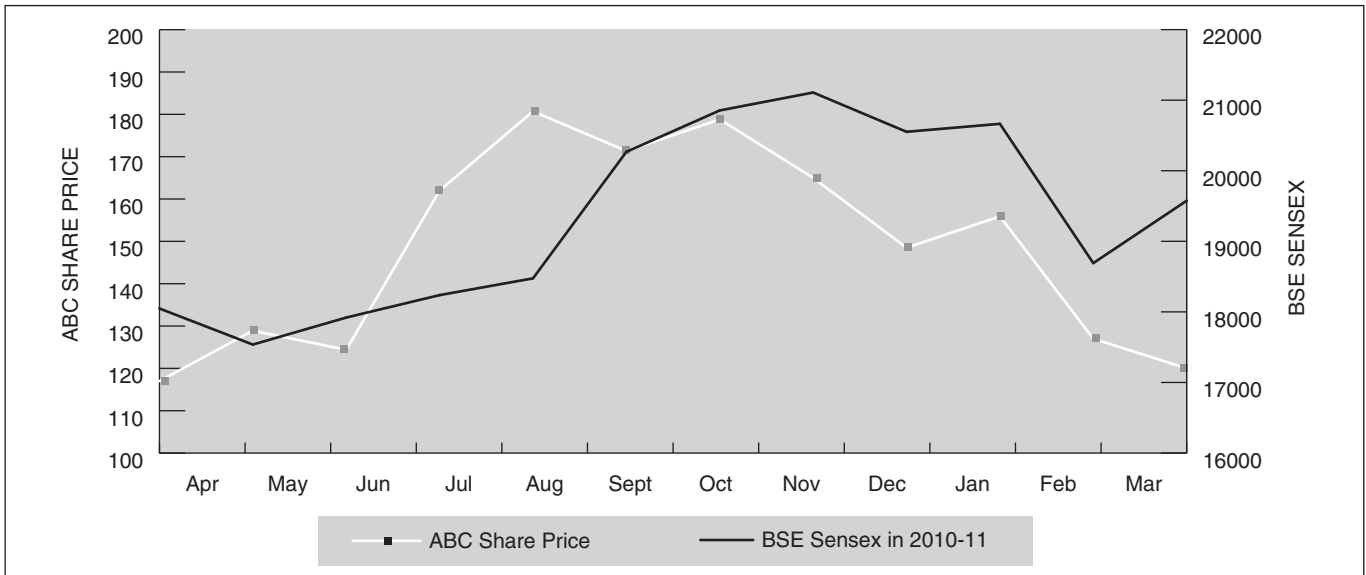
Bombay Stock Exchange Limited, Mumbai (BSE) - 505665

Demat International Security Identification Number (ISIN)  
in NSDL & CDSL for Equity Shares - INE 779A01011**18. STOCK PRICE DATA**

Bombay Stock Exchange Limited, Mumbai (BSE)

Month	High (₹)	Low (₹)
April, 2010	117.00	100.10
May, 2010	128.90	101.00
June, 2010	124.40	104.00
July, 2010	162.00	119.90
August, 2010	180.70	149.00
September, 2010	171.35	150.85
October, 2010	178.80	143.10
November, 2010	165.00	120.00
December, 2010	148.50	121.25
January, 2011	155.90	113.00
February, 2011	127.00	108.00
March, 2011	120.00	103.00

**ABC SHARE PRICE-VS BSE SENSEX IN 2010-11**



Performance in comparison to BSE Sensex

**19. REGISTRARS AND TRANSFER AGENTS**

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

**20. 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 31<sup>st</sup> March, 2011.

**21. DISTRIBUTION OF SHAREHOLDING:**

Categories of Shareholding as on 31<sup>st</sup> March, 2011.

Category	Shares	
	Number	% to Total
Promoters and Promoters Group	3867108	33.48
Mutual Funds & UTI	5195	0.04
Banks, Financial Institutions, Insurance Companies	408183	3.53
Foreign Institutional Investors	450	0.01
Private Corporate Bodies	632029	5.48
Indian Public	3718645	32.20
NRIs/OCBs	2904135	25.14
Others (Shares in Transit)	14255	0.12
<b>Total</b>	<b>1,15,50,000</b>	<b>100.00</b>

Distribution of Shareholding as on 31<sup>st</sup> March 2011.

Range	Shareholders		Shares	
	Number	% to Total	Number	% to Total
1 - 50	3770	35.03	1,09,082	0.95
51 - 100	2576	23.93	2,31,097	2.00
101 - 300	2449	22.75	4,85,262	4.20
301 - 500	812	7.54	3,54,838	3.07
501 - 1000	636	5.91	4,89,890	4.24
1001 - 5000	421	3.91	9,11,355	7.89
5001 and above	100	0.93	89,68,476	77.65
<b>Total</b>	<b>10764</b>	<b>100.00</b>	<b>1,15,50,000</b>	<b>100.00</b>

## 22. DEMATERIALISATION OF SHARES AND LIQUIDITY:

94.48% equity shares of the Company have been dematerialised as on 31<sup>st</sup> March, 2011.

## 23. 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.

## 24. PLANT LOCATIONS

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

## 25. 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: <a href="mailto:marketing@bigshareonline.com">marketing@bigshareonline.com</a>
Mumbai 400 072.	Website: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a>

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: 2<sup>nd</sup> May, 2011.

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

### 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 31<sup>st</sup> March, 2011, 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*

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

Mumbai, 3<sup>rd</sup> May, 2011.

## 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 ₹ 7000 crores, of which about half is met by imports and the rest is met through indigenous production. The production/sales of organised bearing industry in India, including exports are estimated at ₹ 4000 crores.

The bearing industry sales grew at a healthy pace during the year under review.

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 companies have a manufacturing base in India.

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.

### b) Opportunities and Threats

Opportunities:

The forecast for GDP growth for 2011-12 is estimated to be 8.5%. Growth in automotive industry should remain at 12% to 15%. In view of this, the demand of auto components including bearings should remain strong.

Threats:

Dumping of Chinese and other former CIS countries bearings is a serious threat to Indian Bearing Manufacturers. These bearings are sold at very cheap prices. They offer at prices below the material costs. If this trend continues, the local bearing companies will see a loss in market share as well as decrease in the margins.

The other serious threat is the large scale increase in spurious bearings which are eating into the market share of the organized sector.

Though the tragic destruction due to earthquake and Tsunami in Japan and the violent political scenery in the Middle East will certainly have some effects on the Indian Economy, it is hard to forecast the impact.

For the Indian Economy, the inflationary trend continue and are of great concern as it makes our products costlier and therefore less competitive. The cost of steel and other inputs for the bearing industry are increasing rapidly which will impact the bottom lines of the Industry.

### 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 in all sectors of the economy especially the auto industry is encouraging. As per various forecasts, India is poised to have a GDP growth of above 8.5%. There are likely to be introduction of new models of vehicles in the segments in which the Company is operating. The industrial bearings segment is also likely to grow strongly this year on the strength of robust demand. As the slewing and large bearing manufacturing facility settles down, the Company expects to see increase in orders from the OEM customers.

### e) Risks and concerns

Inflation has been a big concern for the year under review and various monetary measures introduced by the RBI may affect the rate of growth and credit availability.

Oil prices continue to be volatile and have shown an upward trend due to disturbed political conditions in a few oil producing countries. The threat of internal strife/prolonged instability is keeping oil prices high and likely to continue for a substantial part of the year. This may affect the growth of the Auto industry.



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**

As compared to the previous year the company has improved its financial performance considerably.

**h) Human Resources and Industrial Relations**

The Company continued to invest in its Human resources throughout the year. The Company carried out a special drive to improve the skill levels of its employees at various levels. Some of the employees underwent training at the collaborators plants to understand and absorb the new technology.

The industrial relations continue to remain cordial.

For and on behalf of the Board

Place: Mumbai  
Date: 2nd May, 2011.

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

**ABC**

## Auditors' Report

To  
The Members of  
**ABC Bearings Limited**

We have audited the attached Balance Sheet of **ABC Bearings Limited** as at 31st March, 2011 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, 2011 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, 2011;
  - 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

**H.K. Desai**

Partner

Membership No.13719

Firm's Registration No. 107528W

Place: Mumbai  
Date: 3<sup>rd</sup> May, 2011.

**Re: ABC Bearings Limited****ANNEXURE TO AUDITORS' REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

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 31-03-2011 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 Statute	Nature of of Dues	Amount (₹ in lacs)	Period to which it relates	Forum where the dispute is pending
State and Central Sales Tax Acts	Sales Tax	2.29	1999-00	Deputy Commissioner of Sales Tax, Appeals, Worli Division, Mumbai.
		1.98	2000-01	Jt. Commissioner of Sales Tax (Appeal) Worli Division, Mumbai
		14.13	2001-02	Dy. Commissioner of Sales Tax Appeal, Worli Division, Mumbai.
The Central Excise Act, 1944	Excise Duty	3.08	1998-99	CEGAT, Mumbai Commissioner
		1.74	2008-09	Central Excise Vadodara.
Income Tax Act, 1961	Income Tax	8.74	2004-05	Appeal order effects of CIT (A)/ITAT are pending.
	Income Tax	70.23	2005-06	Appeal order effects of CIT (A)/ITAT are Pending.
	Fringe Benefit Tax	0.78	2005-06	Appeal order effects of CIT (A)/ITAT are pending.
	Income Tax	18.62	2007-08	CIT (Appeals) Mumbai.

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: 3<sup>rd</sup> May, 2011

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

## Balance Sheet as at 31st March, 2011

		₹	As at 31st	As at 31st
Schedules		in lacs	March, 2011	March, 2010
			₹	₹
			in lacs	in lacs
<b>SOURCES OF FUNDS :</b>				
<b>1</b>	<b>SHAREHOLDERS' FUNDS</b>			
	Share Capital	<b>1</b>	<b>1155.00</b>	1,155.00
	Reserves and Surplus	<b>2</b>	<b>9942.47</b>	7,921.14
			<b>11097.47</b>	9,076.14
<b>2</b>	<b>LOAN FUNDS</b>			
	Secured	<b>3</b>	<b>2539.02</b>	456.83
<b>3</b>	<b>DEFERRED TAX LIABILITY</b>	<b>4</b>	<b>446.40</b>	289.68
	<b>TOTAL FUNDS EMPLOYED</b>		<b>14082.89</b>	9,822.65
<b>APPLICATION OF FUNDS</b>				
<b>4</b>	<b>FIXED ASSETS</b>	<b>5</b>	<b>8363.23</b>	4355.52
<b>5</b>	<b>INVESTMENTS</b>	<b>6</b>	<b>1250.10</b>	1250.10
<b>6</b>	<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
	Inventories	<b>7</b>	<b>2190.63</b>	3,190.92
	Debtors	<b>8</b>	<b>5007.97</b>	3,626.65
	Cash and Bank Balances	<b>9</b>	<b>285.36</b>	249.11
	Loans and Advances	<b>10</b>	<b>1019.73</b>	610.88
			<b>8503.69</b>	7677.56
<b>7</b>	<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>11</b>		
	Current Liabilities		<b>3154.92</b>	2,788.18
	Provisions		<b>879.21</b>	672.35
			<b>4034.13</b>	3460.53
<b>8</b>	<b>NET CURRENT ASSETS</b>		<b>4469.56</b>	4217.03
	<b>TOTAL ASSETS</b>		<b>14082.89</b>	9822.65
SIGNIFICANT ACCOUNTING POLICIES AND				
NOTES TO ACCOUNTS				
		<b>16</b>		

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

For **PARIKH & SHAH**  
Chartered Accountants

**H.K.DESAI**  
Partner

**S.B.DESAI**  
Company Secretary

Mumbai, 3rd May, 2011

For and on behalf of the Board

**S.M.PATEL**  
Chairman

**P.M.PATEL**  
Managing Director

Mumbai, 2nd May, 2011

## Profit and Loss Account for the year ended 31st March, 2011

Schedules	For the year ended 31st March, 2011	For the year ended 31st March, 2010
	₹ in lacs	₹ in lacs
<b>1 INCOME</b>		
Sales - Gross	22050.94	17,386.41
Less: Excise Duty	2027.30	1,352.28
Sales - Net	20023.64	16,034.13
Other Income	429.20	351.58
	20452.84	16,385.71
<b>2 INCREASE/(DECREASE) IN STOCKS</b>	<b>13</b>	<b>13</b>
	(1260.37)	(295.22)
	<u>19192.47</u>	<u>16,090.49</u>
<b>3 EXPENDITURE</b>		
Manufacturing & Other Expenses	14	14
Excise Duty	(62.28)	(19.49)
Depreciation	419.53	422.67
Interest & Finance Charges	15	15
	53.56	69.73
	<u>14988.93</u>	<u>13,488.92</u>
<b>4 PROFIT BEFORE EXCEPTIONAL ITEM &amp; TAX</b>	<b>4203.54</b>	<b>2,601.57</b>
<b>5 EXCEPTIONAL ITEMS</b>	-	500.00
<b>6 PROFIT AFTER EXCEPTIONAL ITEM &amp; BEFORE TAX</b>	<b>4203.54</b>	<b>3,101.57</b>
<b>7 PROVISION FOR TAX</b>		
Current Tax	(1200.00)	(1,030.00)
Income Tax for earlier Years	(20.07)	-
Deferred tax (Charge) / credit	(156.72)	(17.13)
<b>8 PROFIT AFTER TAX</b>	<b>2826.75</b>	<b>2,054.44</b>
<b>9 BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR</b>	<b>617.40</b>	<b>569.04</b>
<b>10 AMOUNT AVAILABLE FOR APPROPRIATIONS</b>	<b>3444.15</b>	<b>2,623.48</b>
<b>11 APPROPRIATIONS</b>		
a) Proposed Dividend	693.00	519.75
b) Tax on proposed dividend	112.42	86.33
c) Transfer to General Reserve	1,800.00	1,400.00
d) Balance carried to Balance Sheet	838.73	617.40
	<u>3,444.15</u>	<u>2,623.48</u>
Earning Per Share (₹)		
Basic & Diluted	24.47	17.79
Nominal Value of Equity Share (₹)	10.00	10.00

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

**For PARIKH & SHAH**  
Chartered Accountants

**H.K.DESAI**  
Partner

**S.B.DESAI**  
Company Secretary

Mumbai, 3rd May, 2011

For and on behalf of the Board

**S.M.PATEL**  
Chairman

**P.M.PATEL**  
Managing Director

Mumbai, 2nd May, 2011

## Schedules forming part of the Balance Sheet

	₹ in lacs	As at 31st March, 2011 ₹ in lacs	As at 31st March, 2010 ₹ in lacs
<b>1 SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
1,20,00,000 Equity Shares of ₹ 10/-each		<u>1200.00</u>	<u>1200.00</u>
<b>ISSUED AND SUBSCRIBED</b>			
1,15,50,000 Equity Shares of ₹ 10/-each fully paid -up (of the above 26,59,095 shares of ₹ 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>			
a) <b>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
c) <b>GENERAL RESERVE</b>			
As per last Balance Sheet	7131.60		5,731.60
Add: Transfer from Profit and Loss Account	<u>1,800.00</u>		<u>1,400.00</u>
		<u>8931.60</u>	<u>7131.60</u>
d) <b>SURPLUS</b>			
As per Profit & Loss Account		<u>838.73</u>	<u>617.40</u>
		<u>9942.47</u>	<u>7921.14</u>
<b>3 LOAN FUNDS</b>	<b>Notes</b>		
<b>SECURED</b>			
<b>From Banks:</b>			
a) Cash Credit (Including Working capital Demand Loan)	<b>1</b>	493.57	333.38
b) Term Loan	<b>2</b>	2028.48	89.38
c) Term Loan ( for Vehicles )	<b>3</b>	8.12	11.16
		<u>2,530.17</u>	<u>433.92</u>
<b>From Others:</b>			
Term Loan (for Vehicle)	<b>3</b>	8.85	22.91
		<u>8.85</u>	<u>22.91</u>
		<u>2539.02</u>	<u>456.83</u>

### NOTES :

- Secured by first pari passu charge of stock-in-trade and book debts and second pari passu charge on Plant & Machinery of the Company.
- Secured by first charge on plant and machinery acquired under the Loan and pari passu charges on other plant and machinery and current assets of the Company.
- Secured by hypothecation of vehicles acquired under the loan.



## Schedules forming part of the Balance Sheet

	DEFERRED TAX ASSET/ (LIABILITY) As at 1st April, 2010 ₹ in lacs	(CHARGE) /CREDIT FOR THE CURRENT YEAR ₹ in lacs	DEFERRED TAX ASSET (LIABILITY) As at 31st March, 2011 ₹ in lacs
<b>4 DEFERRED TAX LIABILITY</b>			
Difference between book & tax Depreciation	(383.91)	(163.80)	(547.71)
Expenses allowable for Tax purpose when paid	15.04	(2.99)	12.05
Provision for doubtful debts	56.67	8.08	64.75
Provision for leave encashment	22.52	1.99	24.51
<b>TOTAL</b>	<b>(289.68)</b>	<b>(156.72)</b>	<b>(446.40)</b>

## 5. FIXED ASSETS

₹ in lacs

Particulars	COST				DEPRECIATION				NET BLOCK	
	As at 1st April 2010	Additions	Deductions	as at 31st March 2011	up to 31st March 2010	Adjustment on account of sale	For the year	Up to 31st March 2011	As at 31st March 2011	As at 31st March 2010
<b>Tangible Assets</b>										
Land	542.01	-	-	542.01	18.09	-	3.74	21.83	520.18	523.92
Buildings	800.22	376.92	-	1,177.14	219.96	-	24.51	244.47	932.67	580.26
Plant and Machinery	9,774.27	3,090.02	124.35	12,739.94	7,705.60	112.04	281.47	7,875.03	4,864.91	2,068.67
Equipments, Appliances & Tools	919.44	103.95	45.45	977.94	610.27	40.37	46.84	616.74	361.20	309.17
Electrical Installations	370.14	161.53	-	531.67	219.63	-	12.47	232.10	299.57	150.51
Furniture & Fixtures	164.39	12.77	2.82	174.34	77.66	2.62	10.68	85.72	88.62	86.73
Vehicles	270.50	45.64	14.76	301.38	79.60	5.37	26.54	100.77	200.61	190.90
<b>Intangible Assets</b>										
Software Upgradation	170.25	20.67	-	190.92	150.99	-	11.57	162.56	28.36	19.26
Technical Knowhow - Acquired	-	201.69	-	201.69	-	-	1.71	1.71	199.98	-
<b>Total</b>	<b>13,011.22</b>	<b>4,013.19</b>	<b>187.38</b>	<b>16,837.03</b>	<b>9,081.80</b>	<b>160.40</b>	<b>419.53</b>	<b>9,340.93</b>	<b>7,496.10</b>	<b>3,929.42</b>
<i>(Previous Year)</i>	<i>12,377.60</i>	<i>731.64</i>	<i>98.02</i>	<i>13,011.22</i>	<i>8,678.90</i>	<i>19.78</i>	<i>422.67</i>	<i>9,081.79</i>	<i>3,929.43</i>	<i>3,698.70</i>
Capital Work-in-Progress including advances on Capital Accounts				867.13					867.13	
<i>(Previous Year)</i>				426.09					426.09	
<b>TOTAL</b>				17,704.16					8,363.23	
<i>(Previous Year)</i>				13,437.31					4,355.52	

## Schedules forming part of the Balance Sheet

	₹ in lacs	As at 31st March, 2011 ₹ in lacs	As at 31st March, 2010 ₹ in lacs
<b>6 INVESTMENTS (At cost)</b>			
<b>LONG TERM</b>			
<b>NON TRADE</b>			
<b>Unquoted :</b>			
a) 7 year National Savings Certificates (lodged with Collector of Central Excise/Sales Tax)		0.10	0.10
b) 189,000 5% Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid in Mipco Seamless Rings (Guj) Ltd.		-	189.00
c) 1,25,00,000 Equity Shares of ₹ 10/- each fully paid in NSK - ABC Bearings Ltd.	1,250.00	1,250.00	
<b>TRADE</b>			
<b>Quoted :</b>			
a) 8,88,600 Equity Shares of ₹ 10/- each fully paid in Mipco Seamless Rings (Gujarat) Ltd. (Market Value ₹ Nil ) (Previous year ₹ Nil.)		-	95.86
		<u>1,250.10</u>	<u>1,534.96</u>
Less : Provision for Diminution in value of Investment		-	284.86
		<u>1,250.10</u>	<u>1,250.10</u>
<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		100.86	86.31
b) Raw Materials		1394.04	1148.52
c) Work-in-Progress		540.91	553.93
d) Finished Goods		148.07	1391.86
e) Trading Goods		6.75	10.30
		<u>2190.63</u>	<u>3190.92</u>
<b>8 DEBTORS (Unsecured)</b>			
a) <b>Considered good :</b>			
Over six months	149.31		182.44
Others	4858.66		3444.21
		5007.97	3626.65
b) <b>Considered doubtful</b>			
Over six months	171.23		162.40
Less: Provision	171.23	-	162.40
		<u>5007.97</u>	<u>3626.65</u>

## Schedules forming part of the Balance Sheet

	₹ in lacs	As at 31st March, 2011 ₹ in lacs	As at 31st March, 2010 ₹ in lacs
<b>9 CASH AND BANK BALANCES</b>			
a) <b>Cash on hand</b>		2.13	1.19
b) <b>With Scheduled Banks</b>			
In Current Account	281.90		180.63
In Fixed Deposit	1.33		67.29
(Held by Banks as margin against facilities availed)		<u>283.23</u>	<u>247.92</u>
		<u>285.36</u>	<u>249.11</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 ₹ 23.72 lacs) ( <i>Previous year ₹ 4.35 lacs</i> )	529.59		245.76
Less: Provision	23.72		4.35
		505.87	241.41
b) Sundry Deposits		127.59	102.54
c) Balance with Customs and Central Excise		245.88	2.25
d) Income Tax (net of provision)		140.39	264.68
		<u>1019.73</u>	<u>610.88</u>
<b>11 CURRENT LIABILITIES AND PROVISIONS</b>			
a) <b>CURRENT LIABILITIES</b>			
i) Creditors		1929.37	1698.76
ii) Interest accrued but not due on loans		6.04	0.47
iii) * Unclaimed Dividends		30.21	24.78
iv) Other Liabilities		1189.30	1064.17
		<u>3154.92</u>	<u>2788.18</u>
b) <b>PROVISIONS</b>			
i) Proposed Dividend		693.00	519.75
ii) Tax on proposed dividend		112.42	86.33
iii) Leave encashment		73.79	66.27
		<u>879.21</u>	<u>672.35</u>
		<u>4034.13</u>	<u>3460.53</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

	₹ in lacs	For the year ended 31st March, 2011 ₹ in lacs	For the year ended 31st March, 2010 ₹ in lacs
<b>12 OTHER INCOME</b>			
a) Dividend from Mutual Fund		4.65	3.81
b) Interest Received :			
Banks	1.38		8.20
Others	4.62		3.75
(Tax deducted at source ₹ 1.07 lacs)			
(Previous year ₹ 2.38 lacs)		6.00	11.95
c) Profit on Fixed Assets Sold/ Scrapped (Net)		31.05	50.55
d) Claims received		1.27	0.72
e) Sale of Scrap		58.39	28.15
f) Miscellaneous Income		143.90	225.90
g) Income from power generation		6.37	13.32
h) Excess Provision no longer required written back		146.02	17.18
i) Provision for diminution in value of investment written back (net)		31.55	-
		<u>429.20</u>	<u>351.58</u>
<b>13 INCREASE/(DECREASE) IN STOCK OF WORK-IN-PROGRESS AND FINISHED GOODS</b>			
a) Opening Stock		1956.09	2251.31
b) Closing Stock		695.72	1956.09
		<u>(1260.37)</u>	<u>(295.22)</u>

## Schedules forming part of the Profit and Loss Account

	₹ in lacs	For the year ended 31st March, 2011 ₹ in lacs	For the year ended 31st March, 2010 ₹ in lacs
<b>14 MANUFACTURING AND OTHER EXPENSES</b>			
a) Raw Materials and Components consumed		8891.40	8061.67
b) Stores and Spares consumed		1009.71	792.92
c) Purchase of traded goods		97.64	133.09
d) Power and Fuel		588.11	498.31
e) Processing and Other Charges		559.37	441.01
f) Employee remuneration and benefits:			
Salaries, Wages, Gratuity and Other Benefits	1422.54		1111.75
Contribution to Provident and other Funds	114.47		100.03
Welfare Expenses	41.01		37.75
		<b>1578.02</b>	<b>1249.53</b>
g) Repairs:			
Buildings	33.19		74.54
Machinery	96.42		84.00
Others	60.50		68.46
		<b>190.11</b>	<b>227.00</b>
h) Rent		19.91	13.37
i) Rates and Taxes		29.38	15.94
j) Insurance		22.62	24.77
k) Postage, Telegrams and Telephones		31.08	27.46
l) Travelling Expenses		122.24	93.00
m) Legal & Professional Expenses		96.30	82.82
n) Remuneration to Auditors			
Audit fees	2.50		2.15
For Tax Audit	0.75		0.70
For Certification & other matters	1.18		0.85
For Expenses (including Service Tax)	0.07		0.03
		<b>4.50</b>	<b>3.73</b>
o) Cost Audit fees		0.48	0.44
p) License & Technical Assistance Fees		61.78	57.80
q) Commission and Incentives on Sales		567.76	616.38
r) Carriage Outward		249.35	206.88
s) Provision for Doubtful Debts		28.20	54.67
t) Bad Debts / Claims written off		27.45	36.62
u) Directors' fees		4.05	3.98
v) Loss on Investment sold		0.09	-
w) Other Expenses		472.41	383.56
		<b>14651.96</b>	<b>13024.95</b>
Less: Expenses Capitalised (Refer Note-15 of Schedule-16)		<b>73.84</b>	<b>8.94</b>
		<b><u>14,578.12</u></b>	<b><u>13016.01</u></b>

## Schedules forming part of the Profit and Loss Account

	For the year ended 31st March,2011 ₹ in lacs	For the year ended 31st March,2010 ₹ in lacs
<b>15 INTEREST AND FINANCE CHARGES</b>		
a) On Fixed Loans		
Banks	32.67	52.16
Others	1.70	4.46
	<u>34.37</u>	<u>56.62</u>
Less: Interest Capitalised (Refer Note-15 of Schedule-16)	28.88	-
Total	<u>5.49</u>	<u>56.62</u>
b) On Other Loans		
Banks	40.17	124.39
Others	4.83	4.57
	<u>45.00</u>	<u>128.96</u>
c) Exchange variation	-	(151.93)
d) Finance Charges	3.07	36.08
	<u>53.56</u>	<u>69.73</u>

## Schedules Forming part of the Accounts

### 16. 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 ₹ 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 assets are amortised as under:
  - Software – equally over a period of three years.
  - Knowhow – equally over a period of ten 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
- 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 Income Tax 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.

	2010-2011 ₹ in lacs	2009-2010 ₹ in lacs
<b>B. CONTINGENT LIABILITIES AND NOTES TO ACCOUNTS</b>		
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	2.62	1.21
(ii) Excise Duty demand disputed	35.32	6.42
(iii) Income tax/Fringe Benefit Tax demand contested in appeal	98.37	162.62
(iv) Property tax demand contested in appeal	36.19	30.65
(v) Sales tax demand disputed	18.40	74.41
2 Estimated amount of contracts remaining to be executed on capital account and not provided for	7141.72	2429.77
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 ₹ 98.59 lacs arising on deferred payment credits so far as it relates to depreciable asset is adjusted by deduction to the cost of the assets, resulting into lower profits for the year ( net of depreciation Rs 0.18 lacs) by ₹ 98.41 lacs.		
4 Excise duty deducted from turnover represents excise duty collected on sale of goods. Excise duty shown under 'expenditure' represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stocks of finished goods.		
5 As on 31-03-2011, the company owes a sum of Rs.326.69 lacs (Previous Year 653.31 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.		
<b>6 Employee benefits</b>		
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:		
	<b>Figures in Lacs</b>	
	(₹ )	(₹ )
	<b>2010-11</b>	<b>2009-10</b>
Employer's Contribution to Provident Fund	68.82	62.29
Employer's Contribution to Superannuation Fund	28.25	23.54
Employer's Contribution to Employee's State Insurance	17.40	14.20
Included in Contribution to Provident Fund and other funds (Refer Schedule 14(e))	114.47	100.03



	2010-2011 ₹ in lacs	2009-2010 ₹ 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)	7.75%	8.00%
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 2010	375.40	367.11
Interest Cost	30.03	29.37
Current Service Cost	20.78	17.25
Benefits Paid	(9.25)	(19.50)
Actuarial (gain)/loss on obligations	38.39	(18.83)
Present value of Obligation as at March, 31 2011	455.35	375.40
B) Changes in the Fair Value of Plan Assets (For Funded Scheme)		
Present value of Plan Assets as at April 1, 2010	375.85	330.86
Expected Return on Plan Assets	31.56	24.14
Actuarial Gains/(Losses)	0.71	4.10
Contributions	-	36.25
Benefits Paid	(9.25)	(19.50)
Fair Value of plan Assets as at March 31,2011	398.87	375.85
C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets		
Present Value of funded Obligation as at March ,31 2011	455.35	375.40
Present Value of Plan Assets as at the end of the year	398.87	375.85
Unfunded Liability/(Net Asset) Recognised in Balance Sheet	56.48	(0.45)
D) Amount recognised in the Balance Sheet		
Unfunded Liability / (Net Asset)	56.48	(0.45)
Contribution During the Year	-	-
Liability/(Asset) recognised in the Balance Sheet included in Current Liabilities & Provisions (Schedule 11)	56.48	(0.45)
E) Expenses recognised in the Profit and Loss Account		
Current Service Cost	20.78	17.25
Interest Cost	30.03	29.37
Expected Return on Plan Assets	(31.56)	(24.14)
Settlement Cost/(Credit)	-	-
Net actuarial (gain)/loss recognised in the period	37.68	(22.93)
Total Expenses recognised in the Profit and Loss Account	56.93	(0.45)
Included in Contribution to Provident and other Funds (Refer Schedule 14)		

- 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 :

<p><b>i) Associate Companies :</b>                  Mipco Seamless Rings (Guj.) Ltd.                  Mipco Investments Pvt. Ltd.                  Manoway Investments Pvt. Ltd.                  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)</p>	<p><b>ii) Key Management Personnels :</b>                  Mr. P. M. Patel (<i>Managing Director</i>)                  Mr. T.M. Patel (<i>Executive Director</i>)                  Mr. S. M. Patel (Chairman)</p>
---	---

		2010-2011 ₹ in lacs	2009-2010 ₹ in lacs
<b>B Related Party Transaction :</b>			
<b>Transactions</b>			
<b>Associate Companies</b>			
Rent	Emsons Leasing Co. Pvt. Ltd.	-	0.05
	Manoway Investments Pvt. Ltd.	<b>0.35</b>	1.05
Lease charges received	Mipco Seamless Rings (Guj.) Ltd.	<b>0.05</b>	0.06
Purchase of Fixed Assets	Mipco Seamless Rings (Guj.) Ltd.	-	6.00
	Emsons Leasing Co. Pvt. Ltd.	<b>0.60</b>	-
<b>Executive Directors</b>			
Remuneration (Refer Note 15(b))	P. M. Patel	<b>232.74</b>	174.48
	T. M. Patel	<b>206.30</b>	174.48
<b>Non Executive Directors</b>			
Remuneration (Refer Note 15(c))	S.M. Patel	<b>46.55</b>	34.90
Professional Fees and reimbursement of expenses	S. M. Patel	<b>65.41</b>	63.50
<b>C Outstanding Balances as at</b>		<b>31.03.2011</b>	31.03.2010
<b>Associate Companies</b>			
i) Creditors	Mipco Seamless Rings (Guj.) Ltd.	-	0.51

D There are no write offs or write back of any amounts for any of the above related parties.

9 Opening and Closing Stock of goods manufactured during the year :-

Class of goods manufactured		Opening Stock		Closing Stock	
		Nos.	₹ in lacs	Nos.	₹ in lacs
Ball & Roller and Slewing Bearings	2010-2011	596,347	1359.87	68,522	144.71
	2009-2010	677,495	1690.24	596,347	1359.87
Components	2010-2011	136,326	31.99	2,434	3.36
	2009-2010	52,820	49.52	136,326	31.99

## 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.**	₹ in lacs
Ball & Roller and Slewing Bearings	2010-2011	7,201,200	5,676,875	6,204,700	21468.39
	2009-2010	7,200,000	5,222,187	5,303,335	16,852.34
Components	2010-2011	-	166,731	300,623	465.93
	2009-2010	-	290,976	207,470	368.97
Others (Trading Items)	2010-2011	-	-	-	116.62
	2009-2010	-	-	-	165.10
Total	2010-2011		5,843,606	6,505,323	22,050.94
	2009-2010		5,513,163	5,510,805	17,386.41

- 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 197 nos. (previous year 410 nos..) \*\*  
iv) Production is net of Bearings /Components scrapped 104120 Nos. (previous year nil)

## (B) Raw Materials and Components consumed :

	Unit	Quantity		Value	
		2010-2011	2009-2010	2010-2011	2009-2010
(i) Steel	MT	4536.42	5543.27	2,434.70	3,248.45
(ii) Rolled/Forged Rings	Nos	7,240,932	4,169,823	3,562.88	2,344.55
(iii) Bought-out Components				2,893.82	2,468.67
				<u>8,891.40</u>	<u>8,061.67</u>

## (C) Percentage of Consumption :

	% of total consumption		2010-2011	2009-2010
	2010-2011	2009-2010	₹ in lacs	₹ in lacs
(i) Raw Materials and Components:				
Imported (at landed cost)	<b>3.92</b>	29.35	<b>348.26</b>	2,366.37
Indigenous	<b>96.08</b>	70.65	<b>8543.14</b>	5695.30
	<u><b>100.00</b></u>	<u>100.00</u>	<u><b>8891.40</b></u>	<u>8061.67</u>
(ii) Stores and Spares :				
Imported (at landed cost)	<b>1.72</b>	0.96	<b>17.37</b>	7.61
Indigenous	<b>98.28</b>	99.04	<b>992.34</b>	785.31
	<u><b>100.00</b></u>	<u>100.00</u>	<u><b>1009.71</b></u>	<u>792.92</u>

## 11 CIF Value of Imports:

	2010-2011	2009-2010
	₹ in lacs	₹ in lacs
Raw Materials	<b>230.21</b>	182.76
Stores and Spares	<b>7.76</b>	14.58
Capital Goods	<b>2699.51</b>	0.00

	2010-2011 ₹ in lacs	2009-2010 ₹ in lacs
12 Earnings in Foreign Exchange :		
F.O.B. Value of Exports	274.87	147.72
13 Expenditure in Foreign Currency: (on mercantile basis)		
Interest and Finance charges	3.78	56.72
Travelling Expenses	17.96	16.59
Technical service/ assistance fees	61.78	57.80
Fees paid to Foreign Technicians	11.98	12.68
Other	5.93	0.55
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	123.25	54.78
Year to which dividend relates	2009-10	2008-09
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	4,203.54	3,101.57
Add: Remuneration to Managing / Wholetime		
Directors (including perquisites)	439.04	348.95
Remuneration to Non wholetime Directors	46.55	34.90
Depreciation debited in accounts	419.53	422.67
Loss on sale of Investment	0.09	-
Provision for Doubtful Debts	28.20	54.67
	<u>933.41</u>	<u>861.19</u>
	<u>5136.95</u>	<u>3962.76</u>
Less: Profit on Fixed Assets sold / scrapped (Net)	31.05	50.55
Provision for Dimunition of Investment written banck	31.55	
Deperication as per sec.350 of the Companies Act 1956	419.53	422.67
	<u>482.13</u>	<u>473.22</u>
Net Profit as per section 349	<u>4,654.82</u>	<u>3,489.54</u>
(b) Remuneration to Managing / Wholetime Directors: under Section 198 of the Companies Act, 1956.		
Salary	188.35	156.96
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	193.08	142.97
Contribution to Provident Fund and Superannuation Scheme	50.86	42.38
Other perquisites	6.75	6.64
	<u>439.04</u>	<u>348.95</u>
(c) Commission to Non Wholetime Directors @ 1% of the net profit.	46.55	34.90
Total Managing / Wholetime & Non Wholetime Directors' remuneration including perquisites	<u>485.59</u>	<u>383.85</u>

	2010-2011 ₹ in lacs	2009-2010 ₹ in lacs
15 Preoperative expenses have been capitalised on slewing bearing manufacturing facility becoming operational in March 2011 as under: (previous year included under CWIP)		
Power and Fuel	4.60	-
Processing and Other Charges	10.21	-
Salaries	4.31	-
Travelling Expenses	15.87	8.72
Other Expenses	38.85	0.22
	<u>73.84</u>	<u>8.94</u>
Interest	28.88	-
	<u>102.72</u>	<u>8.94</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 16

For and on behalf of the Board

As per our report of even date

**For PARIKH & SHAH**  
*Chartered Accountants*

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

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

**S. B. DESAI**  
*Company Secretary*

**P. M. PATEL**  
*Managing Director*

Mumbai : 3rd May 2011

Mumbai: 2nd May, 2011

<b>CASH FLOW STATEMENT</b>	<b>2010-11</b> ₹ In Lacs	<b>2009-2010</b> ₹ In Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>NET PROFIT BEFORE TAX</b>	4,203.54	3,101.57
Adjustment for:		
Depreciation	419.53	422.67
Bad Debts / Claims Written-Off	27.45	36.62
Provision for Doubtful Debts	28.20	54.67
Exceptional Items	-	(500.00)
(Profit) / Loss on sale of fixed assets(net)	(31.05)	(50.55)
Interest and finance charges	53.56	69.73
Dividend and interest income	(10.65)	(15.76)
Claims received	(1.27)	(0.72)
Sundry balances written back	(146.02)	15.69
Provision for Diminution in Value of Investment W/Back	(31.55)	-
(Surplus) / Loss on redemption of Investments	0.09	-
	308.29	0.97
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	4,511.83	3,102.54
Trade and other receivables	(1,970.27)	587.37
Inventories	1,000.32	2,445.63
Trade Payable	306.31	793.23
	(663.64)	2,651.49
<b>CASH GENERATED FROM OPERATIONS</b>	3,848.19	5,754.03
Interest paid	(47.99)	(97.50)
Direct Taxes Received/(Paid) (Including Fringe Benefit Tax)	(1,095.78)	(983.33)
	(1,143.77)	(1,080.83)
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	2,704.42	4,673.20
Exceptional Items	-	500.00
Cash Subsidy Paid / Returned	-	-
Claims Received	1.27	0.72
<b>NET CASH FLOW FROM OPERATING ACTIVITY (A)</b>	2,705.69(A)	5,173.92
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(4,353.42)	(856.05)
(Purchase) / Sale of Investments ( Net)	31.46	-
Sale of Fixed Assets	58.02	83.88
Dividend & Interest Received	10.81	43.89
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	(4,253.13)(B)	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds/(Repayment) from Outside Borrowings	2,184.34	(4,823.51)
Dividend paid	(514.32)	(227.46)
Taxes Paid on Distributed Profit	(86.33)	39.26
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	1,583.69(C)	(5,090.23)
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	36.25	(644.59)
<b>CASH &amp; CASH EQUIVALENTS (Opening Balance)</b>	249.11	893.70
<b>CASH &amp; CASH EQUIVALENTS (Closing Balance)</b>	285.36	249.11
	36.25	(644.59)

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: 3rd May, 2011

Mumbai: 2nd May, 2011

**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 Thousands)

Public Issue    Rights Issue

Bonus Issue    Private Placement

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

<b>Total Liabilities</b>	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="9"/>	<b>Total Assets</b>	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="9"/>
<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="9"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/>
Secured Loans	<input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="2"/>	Unsecured Loans	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Deferred Tax Liability	<input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="0"/>		
<b>Application of Funds</b>			
Net Fixed Assets	<input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="3"/>	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="4"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="6"/>	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 Thousands)

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

**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 FIFTIETH ANNUAL GENERAL MEETING of the Company held on Friday, the 29<sup>th</sup> July, 2011 at 4.30 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 FIFTIETH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 29<sup>th</sup> July, 2011 at 4.30 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 or any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

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.





Directors with Marketing Team



Distributors' conference at Kovalam

## Book - Post



*If undelivered, Please Return to:*

---

### **ABC Bearings Limited**

---

Registered Office:

402-B, Poonam Chambers,  
Dr. Annie Besant Road,  
Worli, Mumbai - 400 018.

+91 (O) 22 - 24964500 / 1 / 3

+91 (O) 22 - 24950527

---

[regdoff@abcbearings.com](mailto:regdoff@abcbearings.com)

---

[www.abcbearings.com](http://www.abcbearings.com)

---