

ABC

ABC Bearings Limited

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**Annual Report
2012-2013**

ABC



Factory building at Bharuch

NOTICE

NOTICE is hereby given that the Fifty-second Annual General Meeting of the Members of **ABC Bearings Limited** will be held on **Tuesday, the 16th July, 2013 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 31st March, 2013 and the Statement of Profit and Loss 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 consider and if thought fit, to pass, with or without modifications, the following resolution, in respect of vacancy caused by the retirement of Mr. Y. H. Malegam who retires by rotation and does not seek re-election, which is not proposed to be filled up, as an Ordinary Resolution :

“RESOLVED THAT Mr. Y. H. Malegam, who retires by rotation and does not seek re-election, be not be re-appointed and the vacancy caused thereby be not filled up.”
4. To appoint Auditors and to fix their remuneration.

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/herself 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. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, the 9th July, 2013 to Tuesday, the 16th July, 2013 (both days inclusive).
3. 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 2005-06 are provided hereunder:

Financial Year	Rate (%)	Date of declaration of Dividend	Tentative dates for transfer to IEPF
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
2010-11	60%	29.07.2011	03.09.2018
2011-12	50%	03.08.2012	09.10.2019

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.

4. As per SEBI's Notification dated 16th February, 2000, the equity shares of the Company have been compulsorily dematerialised and sale/purchase of the same is required to take place in dematerialised form only. You are advised to get your shares dematerialised through NSDL or CDSL. They have allotted ISIN Number INE 779A01011. Members are requested in their interest, to please return the physical certificates through their Depository Participants (DP).
5. 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.

6. The Securities and Exchange Board of India vide its Circular No.CIR/MRD/DP/10/2013 dated 21.03.2013, directed that, henceforth, Listed Companies shall mandatorily make all payments to Investors, including Dividend to Shareholders, through RBI approved Electronic mode of payment such as ECS[LECS (Local ECS)/RECS (Regional ECS/NECS (National ECS), NEFT, etc. In view of this, we appeal to all Shareholders of the Company to furnish the Bank Account details to facilitate prompt, safe and correct payment of the Dividend, whenever declared. In case, you do not want Electronic payment of the Dividend, kindly furnish your Bank Account information to the Company.
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. E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400 072.	Tel.: 022-40430200 Fax: 022-28475207 E-mail: investor@bigshareonline.com Website: www.bigshareonline.com
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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: 13th May, 2013.

S.B. Desai
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Fifty-second Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS:

	Year ended 31.03.2013 ₹ in Lacs	Year ended 31.03.2012 ₹ in Lacs
Gross Profit before Interest, Depreciation and Tax	1952.21	3028.07
Less: Finance Costs	314.92	143.96
Less: Depreciation	856.31	647.09
Profit before Tax	780.98	2237.02
Less: Provision for tax		
Current Tax	157.50	500.00
MAT credit entitlement	(153.35)	-
Deferred Tax (Charge)/Credit	(246.40)	(202.76)
Profit after Tax	530.43	1534.26
Add: Balance brought forward from previous year	701.79	838.72
Amount available for appropriations	1232.22	2372.98
Appropriations:		
Proposed Dividend	288.75	577.50
Tax on proposed dividend	49.07	93.69
Transfer to General Reserves	53.00	1000.00
Balance carried to Balance Sheet	841.40	701.79
	<u>1232.22</u>	<u>2372.98</u>

OPERATIONS:

Demand for heavy and medium commercial vehicles and tractors was adversely hit due to lack of confidence in the market. The Company did not receive orders as per the projections given by its customers. It resulted in lower production and sales. The input cost increased due to increase in fuel prices, high interest rates and also the depreciation of the Rupee.

The Company substantially renovated its plant at Bharuch and the same was appreciated by its valued customers.

The Company has also taken cost cutting measures which have started giving results. These measures will continue during the current year.

Uttarakhand Plant:

The operations at Uttarakhand plant have stabilised. However, production suffered due to reduction in demand.

Slewing Bearings:

The slewing and industrial bearing unit has successfully started supplies. The Company has added the necessary testing facilities to meet customer requirements. Many of the fixtures and some test equipments were designed and manufactured in-house to reduce the financial burden. The design, manufacturing and marketing operations were strengthened during the year.

Increase in Capacity:

The market conditions led the Company to reduce or defer the large capex which was originally planned to meet the projections initially given by the customers. Two new lines were commissioned during the year. However, some machines which used in advance stage of manufacture at the suppliers end could not be deferred and have been installed during the year.

Turnover:

The turnover was lower due to reduced production at our customers end as well as their inventory correction. Your Directors feel that the situation will improve from the later part of the current year.

DIVIDEND:

The Directors are pleased to recommend a dividend of ₹ 2.50/- (25%) per Share for the financial year ended 31st March, 2013, 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 16th July, 2013 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 payout 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 continues to increase its production capacity to meet the increased demand for existing as well as new customers. It will provide support to expand business volumes and customers.

QUALITY CERTIFICATIONS:

Your Company continues to enjoy the TS 16949 as well as the ISO 140001 certification. The OE customers continue to repose their confidence with self-certification status for us.

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:

Mr. C.U. Shah expired on 31st January, 2013. He joined the Board of Directors of the Company on 17th October, 1961.

In accordance with the requirements of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Y.H. Malegam retires by rotation at this Annual General Meeting. He has expressed his desire not to seek re-election. The Company does not intend to fill the vacancy caused by the retirement of Mr. Y. H. Malegam.

The Board of Directors place on record its appreciation for valuable services rendered by Mr. C.U. Shah and Mr. Y.H. Malegam during their long tenure of directorships with 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 2013-14, 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: 13th May, 2013.

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:

Besides the use of natural lighting and ventilation at all plants in Bharuch and Dehradun, the Company has improved the efficiencies of its DG sets to minimise diesel consumption and pollution. Variable frequency drives have been introduced to further reduce energy consumption. Air conditioning equipment have been set to operate at reasonable comfort levels.

B. TECHNOLOGY ABSORPTION:

The Company has entered into a partnership with IIT Kharagpur to enhance its capabilities in design and testing. The Company is designing several new bearings to meet enhanced customer requirements.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings : ₹ 213.52 Lacs
Outgo : ₹ 2615.44 Lacs

For and on behalf of the Board

Place: Mumbai
Date: 13th May, 2013.

S. M. PATEL
Chairman

10 YEARS' HIGHLIGHTS

₹ in lacs

PARTICULARS	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Sales & Other Income	11200.74	15264.22	18255.23	21591.51	19534.84	15064.33	17737.99	22480.14	19441.70	16696.68
Materials Consumed	4963.87	6790.84	8239.07	9235.20	8907.07	7286.85	9151.34	11161.48	9658.59	8101.00
Excise Duty	1464.84	2019.08	2413.71	3000.90	2700.48	1678.37	1332.79	1965.02	1782.87	1759.54
Employee Cost	853.09	1069.49	1186.26	1122.80	1192.12	1052.55	1249.53	1573.71	1865.59	2137.84
Interest & Finance Charges	342.00	280.96	269.36	382.51	318.46	1094.89	69.73	53.56	143.96	314.92
Depreciation	676.85	630.19	684.15	801.89	684.10	503.82	422.67	419.53	647.09	856.31
Other Expenses	1701.05	2366.32	2749.38	3547.19	2888.98	2343.30	2910.36	3103.29	3106.58	2746.08
Profit / (Loss) Before Tax & Exceptional Items	1199.04	2107.34	2713.30	3501.02	2843.63	1104.55	2601.57	4203.54	2237.02	780.98
Exceptional Items	-	222.75	399.08	428.08	406.28	62.71	500.00	-	-	-
Diminution in value of Investments	-	-	-	-	-	-	-	-	-	-
Provision for Current Tax	91.00	910.00	979.15	1196.40	1011.86	359.50	1030.00	1220.07	500.00	157.50
MAT Credit Entitlement	-	-	-	-	-	-	-	-	-	(153.35)
Provision for Deferred Tax (Charge) / Credit	(270.72)	177.64	235.62	136.57	166.09	(15.84)	(17.13)	(156.72)	(202.76)	(246.40)
Profit/(Loss) After Tax & Exceptional Items	621.86	1152.23	1570.69	2013.11	1591.58	657.50	2054.44	2826.75	1534.26	530.43
Prior Period Adjustment (net)	-	-	-	-	-	-	-	-	-	-
Equity Dividend	173.25	346.50	462.00	462.00	462.00	231.00	519.75	693.00	577.50	288.75
Equity Dividend %	15.00	30.00	40.00	40.00	40.00	20.00	45.00	60.00	50.00	25.00
Retained Earnings	426.41	757.13	1043.89	1472.59	1051.06	387.24	1448.36	2021.33	863.07	192.61
Gross Fixed Assets *	9054.62	9168.41	10183.96	11373.25	12106.74	12645.86	13437.31	17748.52	22102.49	25732.50
Net Fixed Assets *#	3405.68	2970.69	3378.52	3825.21	3898.64	3966.95	4355.52	8407.59	12151.33	15008.32
Investments	21.73	21.73	139.05	21.73	1271.73	1250.10	1250.10	1250.10	1250.00	1250.00
Net Current Assets *	3429.45	4042.36	4433.83	6262.88	5956.97	7975.12	4217.03	3787.27	3371.55	1905.10
Deferred Revenue Exp.	440.48	217.74	834.37	406.28	-	-	-	-	-	-
Total Assets (Net)	6324.71	6457.53	8785.77	10516.10	11127.34	13192.18	9822.65	13444.96	16772.88	18163.42
Share Capital - Equity	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00
Reserves and Surplus	1820.79	2577.92	3621.82	5094.41	6125.47	6472.79	7921.14	9942.47	10805.53	10998.14
Net Worth	2975.79	3732.92	4776.82	6249.41	7280.47	7627.79	9076.14	11097.47	11960.53	12153.14
Borrowings *	3348.92	2724.61	3449.58	3843.89	3590.16	5291.84	456.83	1901.10	4163.19	5114.73
Deferred Tax Liability	972.63	794.99	559.37	422.80	256.71	272.55	289.68	446.40	649.16	895.55
Total Fund Employed	6324.71	6457.53	8785.77	10516.10	11127.34	13192.18	9822.65	13444.96	16772.88	18163.42
Earnings per Share ₹	5.38	9.98	13.60	17.43	13.78	5.69	17.79	24.47	13.28	4.59
Book value per Share ₹	25.76	32.32	41.36	54.11	63.03	66.04	78.58	96.08	103.55	105.22
Debt : Equity *	1.32	0.78	0.88	0.66	0.49	0.69	0.05	0.17	0.35	0.42
Turnover/Inventory(Times)	6.86	6.82	6.24	6.45	6.16	4.50	5.45	10.26	4.44	4.04
Turnover/Net Block *	3.29	5.14	5.40	5.64	5.01	3.80	4.07	2.67	1.60	1.11
Current Assets / Current Liabilities*	2.80	2.96	2.62	3.03	2.76	4.36	2.22	1.90	1.77	1.33
Number of Shareholders	7870	7161	7097	7401	7757	8345	7625	10764	9848	9219
Number of Employees	526	509	314	331	355	355	337	365	386	424

* Regrouped/reworked as per requirements of Revised Schedule VI for Financial Years 2010-2011 and 2011-2012

Including Capital advances

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 followed 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 propriety 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 an Executive Chairman, with the number of Non-Executive Independent Directors being 50% 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	Executive Chairman	2	1	–	4	Yes
Mr. P.M. Patel	Managing Director	6	4	–	4	Yes
Mr. T.M. Patel	Executive Director	2	2	–	3	Yes
Mr. Y.H. Malegam*	Non-Executive – Independent	6	–	4	4	Yes
Mr. S.K. Diwanji	Non-Executive – Independent	4	4	1	4	Yes
Mr. Jal R. Patel	Non-Executive – Independent	5	3	3	4	Yes
Mr. C.U. Shah**	Non-Executive – Independent	–	–	–	1	No

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

* Expressed his inability for re-appointment at the ensuing Annual General Meeting

**Mr. C.U. Shah has ceased to be a Director with effect from 31st January, 2013 on his demise.

During the financial year 2012-13, four Board meetings were held on the following dates i.e. on 11th May, 2012, 3rd August, 2012, 8th November, 2012 and 11th February, 2013 and the Annual General Meeting was held on 3rd August, 2012.

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

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 2012-2013.

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	Executive-Non-Independent Director (Member)	4
Mr. S.K. Diwanji	Independent Non-executive Director (Member)	4

During the Financial year 2012-13, four Audit Committee Meetings were held on the following dates i.e. on 11th May, 2012, 3rd August, 2012, 8th November, 2012 and 11th February, 2013.

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 Independent Non-Executive Directors, 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
Mr. S.K. Diwanji	Independent Non-executive Director (Chairman)
Mr. Jal R. Patel	Independent Non-executive Director (Member)
Mr. C.U. Shah*	Independent Non-executive Director (Member)

* Mr. C.U. Shah has ceased to be a Director with effect from 31st January, 2013 on his demise.

There was no Remuneration Committee meeting held during the year under review.

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 appointment/re-appointment of the Whole-time Directors/details of salary and perquisites and contribution to Provident Fund paid for the financial year ended 31st March, 2013 are as under:

Name	Tenure	Salary (₹)	Perquisites (₹)	Contribution to Provident Fund (₹)	Total (₹)
Mr. S.M. Patel	Appointed for a period of 5 years from 02.05.2011	2,13,00,000	4,81,047	25,56,000	2,43,37,047
Mr. P.M. Patel	Reappointed for a period of 3 years from 01.08.2011	1,97,20,000	5,63,600	23,66,400	2,26,50,000
Mr. T.M. Patel	Reappointed for a period of 5 years from 01.04.2012	1,68,00,000	2,51,000	20,16,000	1,90,67,000

The approval of the Central Govt. is awaited for Mr. S. M. Patel and Mr. T.M. Patel's appointment and payment of remuneration as Executive Chairman and Executive Director respectively.

The Non-Executive Directors are paid sitting fee @ ₹ 15,000/- for attending Board Meeting, ₹ 10,000/- for attending Audit Committee Meeting and ₹ 7,500/-for attending Remuneration Committee Meeting.

The total amount of sitting fees paid during the year was ₹ 2,75,000/-. 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 01.04.2012 to 31.03.2013 (₹)	No. of shares held As on 31 st March, 2013 (Nos.)
Mr. Y.H. Malegam	60,000.00	7,445
Mr. S.K. Diwanji	1,00,000.00	7,950
Mr. C.U. Shah*	15,000.00	10,000
Mr. Jal R. Patel	1,00,000.00	350

* Mr. C.U. Shah has ceased to be a Director with effect from 31st January, 2013 on his demise.

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 Transfer-Cum-Shareholders'/Investors' Grievance Committee consists of four Directors of the Company viz. Mr. S.K. Diwanji as Chairman, Mr. S.M. Patel, 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/Member	No. of Committee Meetings attended
Mr. S.K. Diwanji	Chairman	25
Mr. S.M. Patel	Member	24
Mr. P.M. Patel	Member	25
Mr. T.M. Patel	Member	Nil

During the year, the Transfer-Cum-Shareholders'/Investors' Grievance Committee held its meetings on 10th April, 2012, 30th April, 2012, 31st May, 2012, 15th June, 2012, 30th June, 2012, 16th August, 2012, 31st August, 2012, 5th October, 2012, 31st October, 2012, 2nd November, 2012, 9th November, 2012, 16th November, 2012, 30th November, 2012, 7th December, 2012, 14th December, 2012, 21st December, 2012, 4th January, 2013, 11th January, 2013, 15th February, 2013, 22nd February, 2013, 1st March, 2013, 8th March, 2013, 15th March, 2013, 22nd March, 2013 and 30th March, 2013.

During the year under review all the complaints/grievances that were received from the shareholders/ investors, have been attended to and satisfactorily resolved.

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 Shares after transfer	3	3
Non receipt of Dividend	23	23
Non receipt of Annual Report	4	4
Relating to SEBI	2	2
Non receipt of demat credit	7	7
Non receipt of demat rejection	1	1
Non receipt of duplicate share certificates	1	1
Total	41	41

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

All valid share transfers, received during the year ended 31st March, 2013, have been acted upon and there were no share transfers pending as on 31st March, 2013.

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
2009-2010	6 th August, 2010	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	4.00 p.m.
2010-2011	29 th July, 2011	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	4.30 p.m.
2011-2012	3 rd August, 2012	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	4.30 p.m.

The Company has passed Special Resolutions at the Annual General Meeting held for the year 2009-2010 and 2011-2012.

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:

During the year 2012-13, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the Company at large.

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

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

- a) Remuneration Committee: The Company has constituted Remuneration Committee as detailed herein above.
- b) Shareholders' Rights: The quarterly and half yearly results are published in the newspaper and also displayed on the website of the Company. The results are not separately circulated to the shareholders.
- c) Audit Qualifications: The auditors have not qualified the financial statements of the Company.
- d) Whistle Blower Policy: The Company has established a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism has provided for adequate safeguards against victimisation of employees who avail of the mechanism and also provided for direct access to the Chairman of the Audit Committee in exceptional cases. It has been appropriately displayed on the Notice Board 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.

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

12. GENERAL SHAREHOLDER INFORMATION:**Annual General Meeting**

Date : 16th July, 2013.

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

Tuesday, the 9th July, 2013 to Tuesday, the 16th July, 2013 (both days inclusive)

15. DIVIDEND PAYMENT DATE

After 16th July, 2013.

16. LISTING ON STOCK EXCHANGES

The Company's shares are listed on BSE Limited, Mumbai.

17. STOCK CODE

BSE Limited, Mumbai (BSE) – 505665

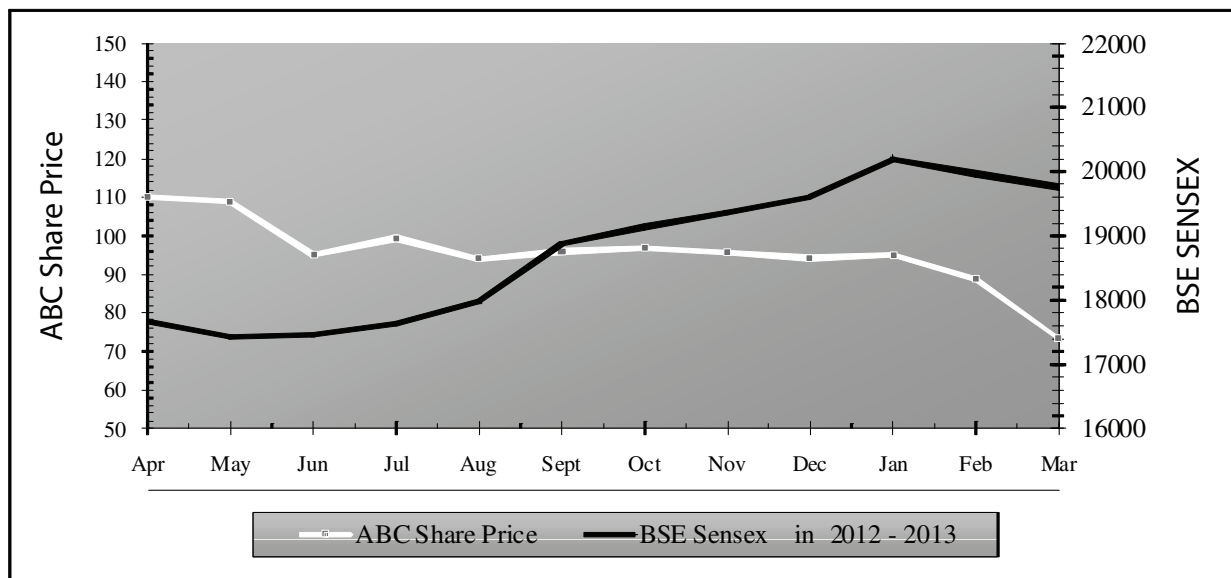
Demat International Security Identification Number (ISIN)
in NSDL & CDSL for Equity Shares – INE 779A01011

18. STOCK PRICE DATA

BSE Limited, Mumbai (BSE)

Month	High (₹)	Low (₹)
April, 2012	110.00	99.05
May, 2012	109.00	91.05
June, 2012	94.90	90.20
July, 2012	99.40	85.50
August, 2012	94.00	84.25
September, 2012	96.00	86.40
October, 2012	97.00	90.40
November, 2012	95.70	87.85
December, 2012	94.20	88.75
January, 2013	94.90	87.00
February, 2013	88.90	69.00
March, 2013	73.50	62.00

ABC Share Price - Vs BSE SENSEX IN 2012-2013



Performance in comparison to BSE Sensex

19. REGISTRARS AND TRANSFER AGENTS

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

Tel.: 022-40430200
 Fax: 022-28475207
 E-mail: investor@bigshareonline.com
 Website: www.bigshareonline.com

20. SHARE TRANSFER SYSTEM

A Share Transfer Committee of Directors has been constituted by the Board. Presently, the share transfers received in physical form are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being 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.

21. DISTRIBUTION OF SHAREHOLDING:

Categories of Shareholding as on 31st March, 2013.

Category	Shares	
	Number	% to Total
Promoters and Promoters Group	4468009	38.68
Mutual Funds	45	0.00
Banks, Financial Institutions, Insurance Companies	413122	3.58
Foreign Institutional Investors	450	0.00
Private Corporate Bodies	423114	3.67
Indian Public	3341598	28.93
NRIs/OCBs	2888860	25.01
Others (Shares in Transit)	14802	0.13
Total	11550000	100.00

Distribution of Shareholding as on 31st March 2013.

Range	Shareholders		Shares	
	Number	% to Total	Number	% to Total
1 – 50	3147	34.14	87075	0.76
51 – 100	2131	23.11	189244	1.64
101 – 300	2170	23.54	426961	3.70
301 – 500	731	7.93	319091	2.76
501 – 1000	566	6.14	438249	3.79
1001 – 5000	398	4.32	815856	7.06
5001 and above	76	0.82	9273524	80.29
Total	9219	100.00	11550000	100.00

22. DEMATERIALISATION OF SHARES AND LIQUIDITY:

96.19% equity shares of the Company have been dematerialised as on 31st March, 2013.

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.:022-40430200 Fax:022-28475207

E-2, Ansa Industrial Estate, Sakivihar Road,

E-mail: investor@bigshareonline.com

Saki Naka, Andheri (E), Mumbai 400 072.

Website: www.bigshareonline.com

Our Registrar & Transfer Agent M/s. Bigshare Services Private Limited launched Gen-Next Investor Module **i'Boss** the most advanced tool to interact with shareholders. Please login into **i'Boss (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: 13th May, 2013.

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 31st March, 2013, 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 Company's management. Our examination is 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 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

Place: Mumbai

Mumbai, 14th May, 2013.

H.K. DESAI

Partner

MANAGEMENT DISCUSSION AND ANALYSIS:

a) Industry Structure and Development

2012-13 was a year of economic uncertainties which resulted in low investments, low capacity utilisation and slow down. The Government of India announced some reforms to revive the investments.

The size of Indian bearing market is estimated to be around ₹ 75 billion. During the year 2012-13, production of organised Bearing industry represented under BRBMA (Ball and Roller Bearing Manufacturers Association of India) was ₹ 43 billion.

There are number of players in unorganised sector who cater to requirements of replacement market.

Imports comprise approximately 35% of bearing demand in India. However, imports from Asian Countries, especially China have increased over the last few years.

A shift is expected from conventional bearings to newer generation bearings in future especially in commercial vehicle segments.

b) Opportunities and Threats

Opportunities:

Measures taken by the Government of India will improve the investment climate which will stabilise the Indian economy and growth will be back. Revival of mining and other infrastructural activities will increase the demand for commercial vehicles and tractors.

The Company is exploring opportunities in segments other than the heavy and medium commercial vehicles and tractors. New customers have been identified and some of them have visited our plants, audited us and have cleared us for technical and commercial discussions.

The slewing and industrial bearing sales are expected to be significantly better than the previous year for the Company.

Threats:

The automobile sector is influenced by prevailing interest rate and fuel prices.

Increase in imports of bearings at low prices is a serious threat to domestic industry.

Counterfeit bearings are sold in replacement market. These products are of inferior quality which is a threat to organised bearing sector.

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

Indian economy is faced with several challenges – inflation, fiscal deficit, high interest rates, poor infrastructure and resultant slow down.

Measures taken by the Government of India helped in controlling inflation and Reserve Bank of India is expected to reduce the interest rates to facilitate industrial development.

Increase in investments, restoration of generation based incentives will accelerate industrial activities.

Adoption of new technology and constant innovation will create competitive advantage.

The Company is planning to introduce new products in new segments.

e) Risks and concerns

As in all business, ours is also prone to both external and internal risks. However, to counter as many risks as possible, your Company has a written risk policy and the same is reviewed at regular intervals and effective measures are put in place from time to time for minimizing these risks.

Your Company has an insurance policy coverage which is reviewed by an outside agency to ensure that the assets are adequately insured against major risks.

Safety measures especially on shop floor are regularly reviewed and monitored.

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 approved by authorised persons. A firm of reputed 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.

The Company has implemented Whistle Blower Policy and created awareness of the same among the employees.

g) Financial performance with respect to operations

The total sales for the year 2012-13 stood at ₹ 16,672 lacs. Reduction in demand led to lower production. Profit before tax for the year was ₹ 780.98 lacs and the profit after tax was ₹ 530.43 lacs.

The Company has taken measures to remain financially stable focussing on quality and efficiency.

h) Human Resources and Industrial Relations

The Company continued its efforts toward strengthening of human resources by providing employees with better working atmosphere by giving proper training at all levels.

Industrial relations during the year continued to be cordial and peaceful. At the end of the year, there were 424 employees on your Company's rolls.

For and on behalf of the Board

Place: Mumbai
Date: 13th May, 2013.

S.M. PATEL
Chairman

Independent Auditors' Report

To
The Members of
ABC Bearings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **ABC Bearings Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. 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;
 - b. 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 :
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account :

- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **PARIKH & SHAH**
Chartered Accountants
Firm's Registration No. 107528W

Place: Mumbai
Date: 14th May, 2013

H.K. Desai
Partner
Membership No.13719

ABC Bearings Limited

ANNEXURE TO AUDITORS' REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013

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 a regular programme of physical verification of all the fixed assets in a phased manner over a period of three 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. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
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 31-03-2013 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, Service Tax and Income tax that have not been deposited by the Company are as follows:

Name of Statute	Nature of Dues	Amount (₹ in lacs)	Period to which it relates	Forum where the dispute is pending
State and Central Sales Tax Acts	Sales Tax	1.98	Financial Year 2000-01	Jt. Commissioner of Sales Tax (Appeal) Worli Division, Mumbai.
		14.13	2001-02	Jt. Commissioner of Sales Tax Appeal, Worli Division, Mumbai.
		15.71	2008-09	Dy. Commissioner of Commercial Tax, Appeal-4, Vadodara.
		8.80	2010-11	Jt. Commissioner of (Appeal) Commercial Tax, Meerut, UP.
		10.26	2010-11	Dy. Commissioner of Commercial Tax (Appeal) Jamshedpur, Jharkhand.
The Central Excise Act, 1944	Excise Duty	3.08	1998-99	CEGAT, Commissioner, Mumbai.
		6.56	2011-12	Commissioner (Appeal), Central Excise, Vadodara.
The Finance Act, 1994	Service Tax	1.74	2008-09	Commissioner (Appeal), Central Excise, Vadodara.
		0.43	2008-09	Commissioner (Appeal), Central Excise, Vadodara.
		5.23	2010-11	Commissioner (Appeal), Central Excise, Vadodara.
		2.89	2011-12	Commissioner (Appeal), Central Excise, Vadodara.
Income Tax Act, 1961	Income Tax	8.74	Assessment Year 2005-06	Appeal order effects of CIT (A)/ITAT are pending.
		0.58	2006-07	Appeal order effects of CIT (A)/ITAT are pending.
		43.48	2006-07	High Court of Mumbai.
		4.81	2008-09	ITAT, Mumbai.
		73.92	2009-10	CIT (Appeals), Mumbai.
		14.16	2009-10	ITAT, 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
Firm's Registration No. 107528W

Place: Mumbai,
Date: 14th May, 2013

H.K. Desai
Partner
Membership No.13719

Balance Sheet as at 31st March, 2013

	Notes	As at 31st March, 2013 ₹ in Lacs	As at 31st March, 2012 ₹ in Lacs
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
Share Capital	2	1,155.00	1,155.00
Reserves and Surplus	3	10,998.14	10,805.53
		<u>12,153.14</u>	<u>11,960.53</u>
(2) Non-Current Liabilities			
Long-term borrowings	4	2,613.39	1,512.83
Deferred tax liabilities (Net)	5	895.55	649.16
Other Long-term liabilities	6	167.35	133.51
Long-term provisions	7	130.13	104.00
		<u>3,806.42</u>	<u>2,399.50</u>
(3) Current Liabilities			
Short-term borrowings	8	2,501.34	2,650.36
Trade payables	9	1,593.00	1,437.09
Other current liabilities	10	3,003.82	1,803.50
Short-term provisions	11	452.29	823.52
		<u>7,550.45</u>	<u>6,714.47</u>
Total		<u><u>23,510.01</u></u>	<u><u>21,074.50</u></u>
II. Assets			
(1) Non-current assets			
Fixed assets	12		
Tangible assets		12,037.14	8,999.72
Intangible assets		273.22	259.24
Capital work-in-progress		1,491.10	1,097.25
Non-current investments	13	1,250.00	1,250.00
Long-term loans and advances	14	1,722.53	2,279.72
		<u>16,773.99</u>	<u>13,885.93</u>
(2) Current assets			
Inventories	15	4,128.69	4,374.49
Trade receivables	16	2,001.36	2,382.45
Cash and cash equivalents	17	109.17	132.99
Short-term loans and advances	18	490.47	293.75
Other Current Assets	19	6.33	4.88
		<u>6,736.02</u>	<u>7,188.57</u>
Total		<u><u>23,510.01</u></u>	<u><u>21,074.50</u></u>
Significant accounting policies	1		
Notes to the Financial Statements	2 to 41		

As per our Report of even date

For and on behalf of the Board

For **PARIKH & SHAH**
Chartered Accountants**S.M. PATEL**
Chairman**H. K. DESAI**
Partner**S. B. DESAI**
Company Secretary**P.M. PATEL**
Managing Director

Mumbai : 14th May, 2013

Mumbai : 13th May, 2013

Statement of Profit and Loss for the year ended 31st March, 2013

	Notes	For the year ended 31st March, 2013 ₹ in Lacs	For the year ended 31st March, 2012 ₹ in Lacs
Income			
Revenue from operations (Gross)		16,672.57	19,339.92
Less : Excise Duty (Note 29)		1,725.85	1,648.66
Revenue from operations (net)	20	14,946.72	17,691.26
Other Income	21	24.11	101.78
Total Revenue		14,970.83	17,793.04
Expenses			
Cost of materials & Components consumed (Note 36-B)		7,280.37	10,428.63
Purchase of Traded Goods		23.33	50.69
(Increase) / Decrease in inventories of finished goods, work-in-progress and Traded Goods	22	(127.20)	(1,982.94)
Employee benefit expense	23	2,137.84	1,865.58
Finance costs	24	314.92	143.96
Depreciation and amortisation expense	12	856.31	647.09
Other expenses	25	3,704.28	4,403.01
Total Expenses		14,189.85	15,556.02
Profit before tax		780.98	2,237.02
Tax expense:			
Current tax		157.50	500.00
MAT Credit Entitlement		(153.35)	—
Deferred tax		246.40	202.76
Profit for the year		530.43	1,534.26
Earning per equity share of face value of Rs. 10 each :			
(1) Basic & Diluted (In ₹)		4.59	13.28
Notes to the Financial Statements	2 to 41		

As per our Report of even date

For and on behalf of the Board

For **PARIKH & SHAH**
Chartered Accountants**S.M. PATEL**
Chairman**H. K. DESAI**
Partner**S. B. DESAI**
Company Secretary**P.M. PATEL**
Managing Director

Mumbai : 14th May, 2013

Mumbai : 13th May, 2013

Cash Flow Statement

	2012-2013 ₹ in Lacs		2011-2012 ₹ in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		780.98	2,237.02
NET PROFIT BEFORE TAX			
Adjustment for:			
Depreciation	856.31		647.09
Bad Debts written off	3.73		4.02
Provision for Doubtful Debts	–		36.23
Provision for Doubtful Debts Written Back	(14.55)		–
Provision for Leave Encashment	26.13		30.21
Profit on sale of fixed Assets	(8.15)		(91.40)
Interest and finance charges	314.92		143.96
Dividend and interest income	(12.03)		(8.22)
Excess provision written back	(29.42)		(32.94)
	<u>1,136.94</u>		<u>728.95</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>1,917.92</u>		<u>2,965.97</u>
Inventories	245.80	(2,183.86)	
Trade Debtors	391.92	2,943.06	
Loans and Advances	552.40	–	
Trade payable	<u>1,320.49</u>	<u>(552.11)</u>	
	<u>2,510.61</u>		<u>207.09</u>
CASH GENERATED FROM OPERATIONS	<u>4,428.53</u>		<u>3,173.06</u>
Direct Taxes (Received)/ paid	(139.73)		(669.35)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	<u>4,288.80</u>		<u>2,503.71</u>
B CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets	(4,256.48)	(4,175.92)	
Sale of Fixed Assets	18.93	127.06	
Dividend & Interest Received	<u>12.14</u>	<u>5.56</u>	
NET CASH USED IN INVESTING ACTIVITIES (B)		(4,225.41)	(4,043.30)
C CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds / (Repayments) from Outside Borrowings	895.68	2,322.81	
Interest Paid	(314.35)	(136.54)	
Dividend Paid	(574.85)	(686.63)	
Taxes paid on Distributed Profit	<u>(93.69)</u>	<u>(112.42)</u>	
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)		(87.21)	1,387.22
NET INCREASE / (DECREASE) IN CASH &			
CASH EQUIVALENTS (A+B+C)		<u>(23.82)</u>	<u>(152.37)</u>
CASH & CASH EQUIVALENTS (Opening Balance)		132.99	285.36
CASH & CASH EQUIVALENTS (Closing Balance)		<u>109.17</u>	<u>132.99</u>
		<u>(23.82)</u>	<u>(152.37)</u>

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

For and on behalf of the Board

For **PARIKH & SHAH**
Chartered Accountants

S.M. PATEL
Chairman

H. K. DESAI
Partner

S. B. DESAI
Company Secretary

P.M. PATEL
Managing Director

Mumbai : 14th May, 2013

Mumbai : 13th May, 2013

ABC Bearings Limited**1 Significant Accounting Policies & Notes to Accounts****1. Basis of accounting and preparation of financial statements:**

The financial statement of the company have been prepared on accrual basis under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2. Fixed Assets:

- a) Fixed Assets are stated at their historical cost.
- b) Addition to fixed assets comprises the purchase price and directly attributable costs.
- c) Tools each costing ₹ 25,000/- or more are treated as fixed assets.
- d) Depreciation is provided on straight-line basis in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- 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.

3. Investments

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

4. Inventory Valuation:

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

5. 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 Statement of Profit and Loss.

6. 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 encashment on retirement is provided based on actuarial valuation.

7. Sales:

Sales are recognised when the substantial risks and rewards of ownership are transferred which is on the despatch of goods. Sales comprise sale of goods including excise duty and other incidental recoveries.

8. Borrowing Cost

Interest and other borrowing costs attributable to qualifying assets are capitalised upto the date the asset is ready for its intended use. Other interest and borrowing costs are charged to revenue.

9. Taxes on Income

Current Tax

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

Deferred Tax

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.

Minimum Alternative Tax (MAT)

Minimum Alternative Tax (MAT) credit is recognised as an asset, only when, and to the extent, there is convincing evidence that the Company will pay normal income-tax during the specified period. The year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by Institute of Chartered Accountants of India ('ICAI'), the said asset is created by way of a credit to the statement of profit and loss.

10. Provisions and Contingencies

A provision is recognised when there is a present obligation as a result of past event, which probably requires a cash outflow and a reliable estimate can be made of the amount of obligation. Contingent liabilities are not recognised but disclosed in the financial statements. Contingent assets are neither recognised nor disclosed.

Notes to Financial Statements for the year ended 31st March, 2013

Note No.	As at 31st March, 2013 ₹ in Lacs	As at 31st March, 2012 ₹ in Lacs
2 Share Capital		
Authorised		
1,20,00,000 Equity Shares of ₹ 10/- each.	1,200.00	1,200.00
	<u>1,200.00</u>	<u>1,200.00</u>
Issued, Subscribed & paid-up		
1,15,50,000 Equity Shares of ₹ 10/- each, fully paid -up	1,155.00	1,155.00
	<u>1,155.00</u>	<u>1,155.00</u>

a) The reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :

	31st March, 2013	31st March, 2012
Number of shares at the beginning of the year	11550000	11550000
Number of shares at the end of the year	11550000	11550000

The Company has only one class of share, namely Equity Shares having face value of ₹ 10/- each. The holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their share holding.

b) Details of shareholders holding more than 5% shares as at March 31, 2013 is set out below :

Name of the shareholder	31st March, 2013		31st March, 2012	
	No. of shares	% of shares	No. of shares	% of shares
Tricot investments limited	2,843,000	24.61	2,843,000	24.61
Emsons Leasing Company Pvt. Ltd.	982,985	8.51	952,661	8.25
MIPCO Investments Pvt. Ltd.	867,479	7.51	827,392	7.16
Manoway Investments Pvt. Ltd.	728,063	6.30	689,289	5.97
Maple Investments Company Pvt. Ltd.	654,233	5.66	620,527	5.37

Notes to Financial Statements for the year ended 31st March, 2013

	31st March, 2013 ₹ in Lacs	31st March, 2012 ₹ in Lacs
3 Reserves & Surplus		
Security Premium Account	152.14	152.14
Cash Subsidy Reserve	20.00	20.00
General Reserve		
Opening Balance	9,931.60	8,931.60
Transferred from Statement of Profit and Loss	53.00	1,000.00
Closing Balance	<u>9,984.60</u>	<u>9,931.60</u>
Surplus in Statement of Profit & Loss		
Opening Balance	701.79	838.72
Add: Net profit after tax for the year	530.43	1,534.26
Amount available for appropriation	<u>1,232.22</u>	<u>2,372.98</u>
Less :		
Dividend	288.75	577.50
Dividend tax	49.07	93.69
Transfer to general reserve	53.00	1,000.00
	<u>390.82</u>	<u>1,671.19</u>
Closing balance	<u>841.40</u>	<u>701.79</u>
	<u>10,998.14</u>	<u>10,805.53</u>
4 Long-Term Borrowings		
Secured		
Term Loans		
From Banks		
IDBI Bank Limited #	404.19	958.09
State Bank of India ##	2,209.20	551.78
HDFC Bank Limited ###	-	2.96
	<u>2,613.39</u>	<u>1,512.83</u>

Secured by first and exclusive hypothecation charge over plant & machinery purchased under the finance. Further the first charge on other plant & machinery on pari passu basis with other term lenders and second charge on current assets of the company on pari passu basis. The loan is repayable in 6 equal quartely instalments of ₹ 1.66 crore each from Balance Sheet date up to June, 2014.

Secured by first and exclusive hypothecation charge over plant & machinery purchased under the finance and further the pari passu second charge over existing plant & machinery. The loan is repayable in 20 equal quartely instalments of ₹ 2.50 crore each from January, 2013 to October, 2017.

Secured by hypothecation of vehicle purchased under the finance. The loan is repayable in 12 monthly instalments from Balance Sheet date upto March, 2014. (Balance of loan being current maturity included under note 10.)

Notes to Financial Statements for the year ended 31st March, 2013

	31st March, 2013 ₹ in Lacs	31st March, 2012 ₹ in Lacs
5 Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities :		
Difference between Book & Tax Depreciation	1,131.49	740.06
Deferred Tax Assets :		
Expenses allowable for Tax purpose when paid	46.42	13.59
Provision for Doubtful Debts	38.85	43.57
Provision for Leave Encashment	42.22	33.74
Carry forward Loss As per Income Tax	108.45	—
	<u>235.94</u>	<u>90.90</u>
Net Deferred Tax Liability	<u>895.55</u>	<u>649.16</u>
6 Other Long-Term Liabilities		
Retention money of Contractors	39.22	14.93
Payable for Technical Knowhow / support	48.16	91.30
Deposit from Customers	39.03	12.20
Other Payables	40.94	15.08
	<u>167.35</u>	<u>133.51</u>
7 Long-Term Provisions		
Provision for Employment Benefit		
Leave Encashment	130.13	104.00
	<u>130.13</u>	<u>104.00</u>
8 Short-Term Borrowings		
Secured		
Loan Repayable on Demand		
Cash Credit from Banks	2,185.34	2,475.36
Unsecured		
Deposit from related parties	316.00	175.00
	<u>2,501.34</u>	<u>2,650.36</u>
Cash credit facilities are secured by first pari passu charge on stock-in-trade and book debts and second pari passu charge on Plant & Machinery of the Company.		
9 Trade Payables		
Trade Payables	1,593.00	1,437.09
	<u>1,593.00</u>	<u>1,437.09</u>

Refer Note no.31 for amounts due to micro, small and medium enterprises

Notes to Financial Statements for the year ended 31st March, 2013

	31st March, 2013 ₹ in Lacs	31st March, 2012 ₹ in Lacs
10 Other Current Liabilities		
Current maturities of Long-Term Debt	1,665.46	918.26
Interest accrued but not due on loans	14.09	12.54
Interest accrued and due on loans	—	0.98
Unpaid Dividend	39.23	36.58
Creditor for Capital Expenditure	88.72	146.17
Payable for expenses	921.09	363.05
Statutory Liabilities	223.23	277.58
Employee benefits payable	52.00	48.34
	<u>3,003.82</u>	<u>1,803.50</u>
11 Short-Term Provisions		
Gratuity	56.56	152.34
Proposed Dividend	288.75	577.50
Tax on Proposed Dividend	49.07	93.68
Income Tax (Net of Payments)	57.91	—
	<u>452.29</u>	<u>823.52</u>

12 FIXED ASSETS

₹ in lacs

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April 2012	Additions	Deductions	As at 31st March 2013	Up to 31st March 2012	Adjustment on account of sale	For the year	Up to 31st March 2013	As at 31st March 2013	As at 31st March 2012
Tangible Assets										
Land										
Lease Hold Land	286.17	—	—	286.17	25.56	—	3.74	29.30	256.87	260.61
Free Hold Land	255.84	—	—	255.84	—	—	—	—	255.84	255.84
Buildings	1,307.25	406.13	—	1,713.38	281.42	—	45.48	326.91	1,386.48	1,025.82
Plant and Machinery	14,706.18	3,212.56	84.50	17,834.24	8,317.84	79.42	638.66	8,877.08	8,957.15	6,388.33
Equipments, Appliances & Tools	1,070.90	55.49	0.51	1,125.88	653.35	0.37	50.17	703.15	422.72	417.55
Electrical Installations	557.83	137.44	—	695.27	250.97	—	26.25	277.22	418.05	306.86
Office Equipments	74.30	23.11	—	97.41	9.21	—	4.10	13.31	84.10	65.09
Furniture & Fixtures	186.45	6.29	—	192.74	95.70	—	10.21	105.91	86.83	90.75
Vehicles	303.24	14.69	9.08	308.85	114.38	3.52	28.89	139.75	169.10	188.86
Intangible Assets										
Computer Software	217.84	51.00	—	268.84	176.61	—	23.58	200.18	68.66	41.24
Technical Knowhow - Acquired	244.12	11.80	—	255.92	26.13	—	25.23	51.36	204.56	218.00
Total	19,210.12	3,918.51	94.09	23,034.54	9,951.16	83.31	856.31	10,724.17	12,310.36	9,258.96
(Previous Year)	16,837.03	2,445.62	72.52	19,210.12	9,340.93	36.87	647.09	9,951.16	9,258.96	7,496.10

Additions include exchange difference adjusted in terms of Companies (Accounting Standard) Amendment Rules, 2009 on Accounting Standard notified by Government of India on 31.03.2009 as under:

	₹ In Lacs
Plant & Machinery	94.46
Technical Knowhow	7.42
	<u>101.87</u>

Notes to Financial Statements for the year ended 31st March, 2013

	31st March, 2013 ₹ in Lacs	31st March, 2012 ₹ in Lacs
13 Non-Current Investments		
Non-Trade (Unquoted) Investment in Equity Instrument of a Joint Venture Company 1,25,00,000 Equity Shares of ₹ 10/- each fully paid in NSK-ABC Bearings Ltd.	1,250.00	1,250.00
	<u>1,250.00</u>	<u>1,250.00</u>
14 Long-Term Loans and Advances		
Unsecured, Considered Good :		
Capital Advances	1,206.86	1,795.12
Security Deposit	133.33	132.35
Loans to employees	6.78	-
Prepaid Expenses	2.75	-
Other loans & advances	6.20	25.79
Claim receivable Considered doubtful	16.72	16.72
Claim receivable	23.72	23.72
Less: Provision	<u>(23.72)</u>	<u>(23.72)</u>
	-	-
Income Tax (Net of provision)	349.89	309.74
	<u>1,722.53</u>	<u>2,279.72</u>
15 Inventories		
At lower of cost or net realisable value:		
Raw Materials	1,110.13	1,573.01
Work-in-Progress	904.37	831.30
Finished Goods	1,889.33	1,832.93
Traded Goods	12.16	14.44
Stores & Spares	208.43	118.05
Loose Tools	4.27	4.76
	<u>4,128.69</u>	<u>4,374.49</u>
16 Trade Receivables		
Over six months from the date they were due for payment Unsecured :		
Considered Good	4.86	4.16
Considered Doubtful	96.01	110.57
Others, Unsecured :		
Considered Good :	1,996.50	2,378.29
	<u>2,097.37</u>	<u>2,493.02</u>
Less: Provision for doubtful receivables	<u>(96.01)</u>	<u>(110.57)</u>
	<u>2,001.36</u>	<u>2,382.45</u>

Notes to Financial Statements for the year ended 31st March, 2013

	31st March, 2013 ₹ in Lacs	31st March, 2012 ₹ in Lacs
17 Cash and Cash Equivalents		
Cash-on-Hand	0.64	1.42
Balance with Banks :		
On Current accounts	7.93	38.63
In unpaid dividend account	39.23	36.58
Other Bank Balances (Held as Margin for Letter of Credit & Guarantees)	61.37	56.36
	<u>109.17</u>	<u>132.99</u>
18 Short-Term Loans and Advances		
Unsecured, considered good		
Loans to employees	5.58	4.65
MAT Credit Entitlement	153.35	-
Other Loans & Advances		
Receivable #	272.08	227.76
Prepaid expenses	39.21	33.77
Other advances	20.25	27.58
	<u>490.47</u>	<u>293.75</u>
# Relates to various input credits availed and balances with Central Excise		
19 Other Current Assets		
Interest accrued on fixed deposits with banks	2.68	2.80
Income receivable (Power generation)	3.65	2.08
	<u>6.33</u>	<u>4.88</u>
20 Revenue from Operations		
Sale of Products		
Sale of Finished Goods	16,443.58	19,155.86
Sale of Traded Goods	30.14	46.47
Sale of Services	-	1.60
Other Operating Revenue	198.85	135.99
Revenue from Operation (gross)	16,672.57	19,339.92
Less : Excise Duty (Note 29)	1,725.85	1,648.66
Revenue from Operation (net)	<u>14,946.72</u>	<u>17,691.26</u>
21 Other Income		
Interest received	12.02	8.22
Profit on Fixed Assets Sold / Scrapped (Net)	8.15	91.40
Foreign Exchange Gain / (Loss)	3.94	2.16
	<u>24.11</u>	<u>101.78</u>
22 (Increase) / Decrease in Inventories		
Closing stock		
Finished Goods	1,889.33	1,832.93
Traded Goods	12.16	14.43
Work-in-Progress	904.37	831.30
	<u>2,805.86</u>	<u>2,678.66</u>
Finished Goods	1,832.93	148.06
Traded Goods	14.43	6.75
Work-in-Progress	831.30	540.92
	<u>2,678.66</u>	<u>695.72</u>
	<u>(127.20)</u>	<u>(1,982.94)</u>

Notes to Financial Statements for the year ended 31st March, 2013

	31st March, 2013 ₹ in Lacs	31st March, 2012 ₹ in Lacs
23 Employee Benefit Expenses		
Salary, Wages and Bonus	1,917.19	1,517.62
Contribution to Provident & Other Funds	165.47	286.87
Staff Welfare Expenses	55.18	61.09
	<u>2,137.84</u>	<u>1,865.58</u>
24 Finance Costs		
Interest	288.04	119.61
Other borrowing costs	26.88	24.35
	<u>314.92</u>	<u>143.96</u>
25 Other Expenses		
Stores and Spares consumed (Note 36)	947.83	1,212.90
Power and Fuel	557.90	662.06
Processing and Other Charges	478.16	636.76
Repairs:		
Building	65.54	55.55
Machinery	94.49	84.43
Others	78.05	67.72
	<u>238.08</u>	<u>207.70</u>
Rent	20.63	24.26
Rates and Taxes	34.21	54.67
Insurance	29.59	25.20
Communication Charges	23.14	26.72
Travelling Expenses	155.93	116.46
Legal & Professional Expenses	44.64	31.42
Remuneration to Auditors:		
Audit fees	3.00	3.00
For Tax Audit	0.75	0.75
For Certification/Other Matters	1.30	1.28
For Expenses	0.06	0.05
	<u>5.11</u>	<u>5.08</u>
Cost audit fees	0.48	0.48
License & Technical Assistance fees	50.45	58.93
Commission & Discount	467.93	498.44
Warranty Claims	26.53	38.76
Carriage Outward	202.41	243.50
Provision for Doubtful Debts/Claims	-	36.23
Bad Debts / Claims written off	3.73	4.02
Directors' Fees	2.75	3.20
Excise Duty (Note 29)	33.70	134.21
Other Expenses	381.07	382.01
	<u>3,704.28</u>	<u>4,403.01</u>

Notes to Financial Statements for the year ended 31st March, 2013

	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
26 Contingent Liabilities not provided for :		
(i) For guarantee & counter-guarantees to the Bank against Bank's guarantee to the Government of India and other authorities	0.25	32.02
(ii) Excise Duty demand disputed	51.78	47.42
(iii) Income tax/Fringe Benefit Tax demand contested in appeal	145.70	131.53
(iv) Sales tax demand disputed	50.88	24.91
(v) Claims against the Company not acknowledged as debt	27.68	76.69
27 Estimated amount of contracts remaining to be executed on capital account and not provided for	8475.44	5634.52

28 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 loss ₹ 101.87 lacs (Previous Year ₹ 318.69 lacs) arising on deferred payment credits so far as it relates to depreciable asset is adjusted by addition to the cost of the assets, resulting into higher profits for the year (net of depreciation ₹ 4.87 lacs Previous Year ₹ 15.45 Lacs) by ₹ 97 lacs (Previous Year ₹ 303.24 Lacs).

29 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.

30 (i) Applications are made to the Central Government in respect of :

- (a) Mr. S. M. Patel, Executive Chairman, for remuneration fixed in pursuant to the resolution passed at the Annual General Meeting held on 29th July, 2011 and Special Resolution passed at the Annual General Meeting held on 23rd August, 2012 and,
- (b) Mr. T. M. Patel, Executive Director , for his reappointment and remuneration fixed in pursuant to Special Resolution passed at the Annual General Meeting held on 3rd August, 2012.

(ii) The remuneration payable in terms of the above resolutions is to be considered as Minimum Remuneration in absence of profits or inadequate profits and is subject to the approval of the Central Government which is awaited.

(iii) Meanwhile both Mr. S. M. Patel and Mr. T. M. Patel are paid remuneration with reference to the net profits of the Company for the Financial Year subject to overall ceiling as per Section 198 & 309 of the Companies Act, 1956.

31 Disclosures requirement u/s 22 of Micro Small and Medium Enterprises Development Act, 2006:

As on 31-03-2013, the company owes a sum of ₹ 589.48 Lacs (Previous Year ₹ 355.09 Lacs) to Micro Small and Medium Enterprises. The 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. (As on date there are no claims on the Company towards interest on the overdue outstanding.)

32 Employee benefits

1. Defined contribution plans

- a. Provident Fund
- b. Superannuation Fund
- c. State defined contribution plan
- d. Employer's contribution to Employee's state insurance during the year, the company has recognised the following amounts in the Statement of Profit & Loss.

	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
Employer's Contribution to Provident Fund	87.89	88.52
Employer's Contribution to Superannuation Fund	-	25.43
Employer's Contribution to Employee's State Insurance	21.02	20.58
Included in Contribution to Provident Fund and other funds (Note 23)	108.91	134.53

Notes to Financial Statements for the year ended 31st March, 2013

	2012-2013 ₹ in Lacs	2011-2012 ₹ 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.		
A) Changes in the Present Value of Obligation		
Present value of Obligation as at April 1, 2012	639.32	455.35
Interest Cost	52.38	35.29
Current Service Cost	37.02	35.33
Past Service cost	–	0.23
Benefits Paid	(8.91)	(8.39)
Actuarial (gain)/loss on obligations	20.91	121.51
Present value of Obligation as at March 31, 2013	740.72	639.32
B) Changes in the Fair Value of Plan Assets		
(For Funded Scheme)		
Present value of Plan Assets as at April 1, 2012	486.98	398.87
Expected Return on Plan Assets	47.49	35.95
Actuarial Gains / (Losses)	6.26	4.08
Net Contributions by Employer	152.34	56.47
Benefits Paid	(8.91)	(8.39)
Fair Value of plan Assets as at March 31,2013	684.16	486.98
C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets		
Present Value of funded Obligation as at March, 31 2013	740.72	639.32
Present Value of Plan Assets as at the end of the year	684.16	486.98
Unfunded Liability / (Net Asset) Recognised in Balance Sheet	56.56	152.34
D) Amount recognised in the Balance Sheet		
Unfunded Liability / (Net Asset)	56.56	152.34
Contribution During the Year	–	–
Liability/(Asset) recognised in the Balance Sheet	56.56	152.34
included in Current Liabilities & Provisions	–	–
included in Short Term Provisions (Note 11)	56.56	152.34
E) Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	37.02	35.33
Interest Cost	52.38	35.29
Expected Return on Plan Assets	(47.49)	(35.95)
Settlement Cost/(Credit)	–	–
Past Service Cost	–	0.23
Net actuarial (gain)/loss recognised in the period	14.65	117.43
Total Expenses recognised in the Profit and Loss Account	56.56	152.33
Included in Contribution to Provident and other Funds (Note 23)		

Notes to Financial Statements for the year ended 31st March, 2013

F) Principal Actuarial Assumptions used

Report as at	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Discount Rates	8.10%	8.25%	7.75%	8.00%	7.50%
Expected rate of Return	8.50%	8.50%	8.50%	8.50%	8.50%
Expected salary increases	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality Assumption	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
	mortality Tables	mortality Tables	mortality Tables	mortality Tables	mortality Tables
Withdrawal Rates	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages	3% at younger ages reducing to 1% at older ages

G) Major categories of plan assets as a percentage of fair value of the total plan assets

Report as at	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Government of India Securities	38%	36%	37%	26%	33%
High quality Corporate Bonds	57%	41%	41%	50%	32%
Equity shares of listed companies	0%	0%	0%	0%	0%
Property	0%	0%	0%	0%	0%
Insurer managed funds	0%	0%	0%	0%	0%
Bank Balance and Fixed Deposits	5%	23%	22%	24%	35%
Total	100%	100%	100%	100%	100%

33 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.

34 Related party disclosure as required by Accounting Standard - 18 :

A Related Parties :

i) Associates Companies :	ii) Key management Personnel :	iii) Relatives of Key management Personnel
Manoway Investments Pvt. Ltd.	Mr. S. M. Patel	Meena S. Patel
Mipco Investments Pvt. Ltd.	Mr. P.M. Patel	Simki S. Patel
Maple Investments Co. Pvt. Ltd.	Mr. T.M. Patel	S. S. Patel (in capacity as karta)
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)		

Notes to Financial Statements for the year ended 31st March, 2013

B Related Party Transactions :

Transactions	Associate Companies	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
Purchase of Fixed Assets	Essex Properties Pvt. Ltd	–	0.25
Fixed Deposit Interest	Meena S. Patel	14.61	0.45
	Simki S. Patel	10.50	0.23
	S M. Patel H.U.F	16.46	0.50
	S S Patel H.U.F	12.16	0.37
	Executive Directors		
Remuneration	P. M. Patel	226.50	181.94
	T. M. Patel	190.67	64.64
	S. M. Patel	243.37	192.26
	Non Executive Director		
Professional Fees and reimbursement of expenses	S. M. Patel	–	5.00

C Outstanding Balances as at 31.03.2013

Key Management Personel & Relatives			
Deposits	Meena S Patel	111.00	51.00
	Simki S Patel	80.00	26.00
	S. M Patel H.U.F	125.00	56.00
	S.S. Patel H.U.F	–	42.00

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

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

		Opening Stock ₹ in Lacs	Closing Stock ₹ in Lacs
Class of goods manufactured			
Ball & Roller and Slewing Bearings	2012-2013	1797.31	1852.69
	2011-2012	144.71	1797.31
Components	2012-2013	35.62	36.64
	2011-2012	3.36	35.62

Notes to Financial Statements for the year ended 31st March, 2013

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

Class of goods Manufactured		Sales Value ₹ in Lacs
Ball & Roller and Slewing Bearings	2012-2013	16,197.54
	2011-2012	18,553.31
Components	2012-2013	246.04
	2011-2012	602.55
Traded Goods (Grease)	2012-2013	30.14
	2011-2012	46.47
Total	2012-2013	16,473.72
	2011-2012	19,202.33

	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
(B) Raw Materials and Components consumed :		
(i) Steel	2,650.15	3,722.80
(ii) Rolled/Forged Rings	2,257.03	3,523.32
(iii) Bought-out Components (Rollers & Cages)	2,373.19	3,182.51
	7,280.37	10,428.63

(C) Percentage of Consumption :	% of total consumption		2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
	2012-2013	2011-2012		
(i) Raw Materials and Components:				
Imported (at landed cost)	2.40	0.59	174.75	61.39
Indigenous	97.60	99.41	7105.62	10367.24
	100.00	100.00	7280.37	10428.63
(ii) Stores and Spares :				
Imported (at landed cost)	0.19	2.02	1.77	24.56
Indigenous	99.81	97.98	946.06	1188.34
	100.00	100.00	947.83	1212.90

37 CIF Value of Imports:

	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs
Raw Materials	205.70	86.26
Stores and Spares	24.23	13.09
Capital Goods	2241.53	1120.84

Notes to Financial Statements for the year ended 31st March, 2013

38	Earnings in Foreign Exchange :		
	F.O.B. Value of Exports	213.52	211.76
39	Expenditure in Foreign Currency: (on mercantile basis)		
	Interest and Finance charges	62.32	45.60
	Travelling Expenses	29.66	16.44
	Technical service/ assistance fees	50.45	58.93
	Fees paid to Foreign Technicians	–	4.24
	Others	1.55	3.83
40	Remittance in foreign currency on account of dividend to non-resident shareholders:		
	Number of shareholders	1	1
	Number of shares held	2843000	2739098
	Amount remitted	142.15	164.35
	Year to which dividend relates	2011-12	2010-11
41	Figures for the previous year have been regrouped/rearranged wherever necessary for comparison and to conform to the classification of the current period.		

As per our Report of even date

For and on behalf of the Board

For PARIKH & SHAH
Chartered Accountants

S. M. PATEL
Chairman

H. K. DESAI
Partner

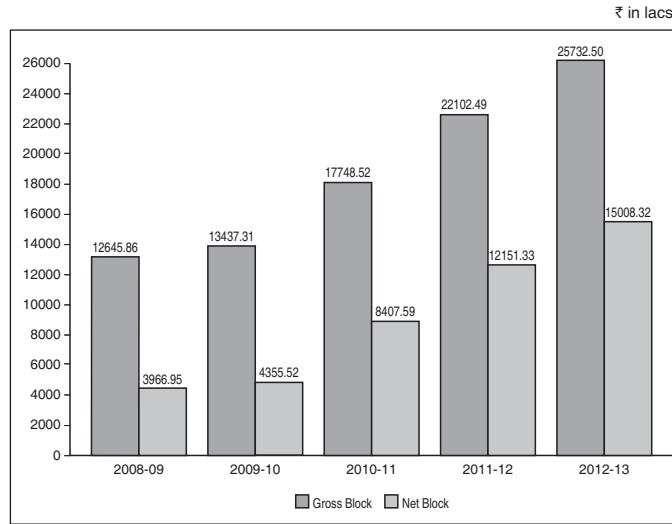
P. M. PATEL
Managing Director

S. B. DESAI
Company Secretary

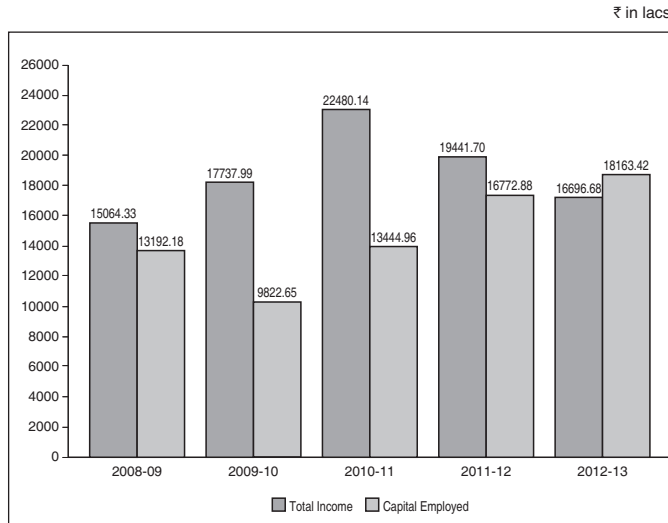
Mumbai : 14th May, 2013

Mumbai : 13th May, 2013

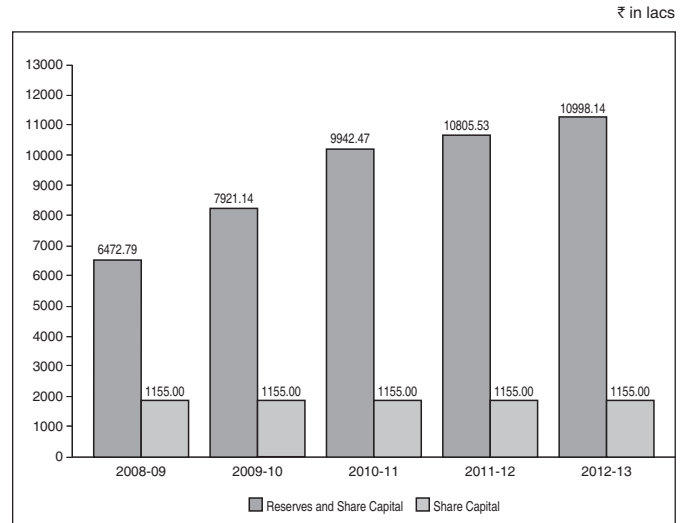
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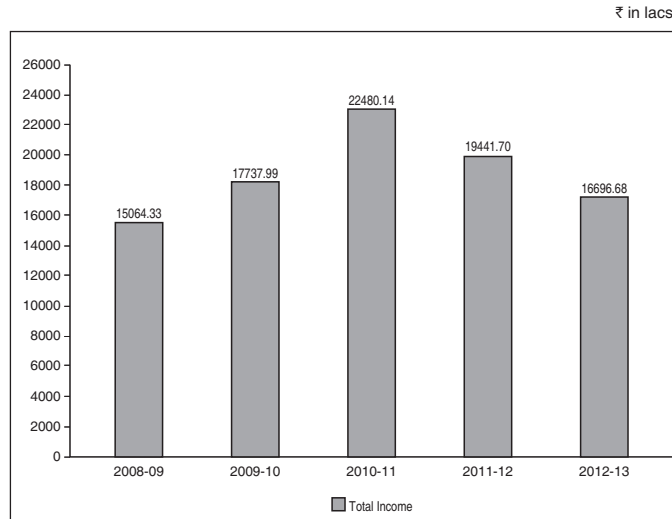
TOTAL INCOME AND CAPITAL EMPLOYED



RESERVES AND SHARE CAPITAL



TOTAL INCOME



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 FIFTY-SECOND ANNUAL GENERAL MEETING of the Company held on Tuesday, the 16th July, 2013 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 FIFTY-SECOND ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 16th July, 2013 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 _____ 2013.

Regd. Folio/ID No. _____

No. of Shares held _____

Please affix ₹1/- 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.



Customer visit at Bharuch

ABC

ABC Bearings Limited

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

+91 - 22 - 24964500 / 1 / 3

+91 - 22 - 24950527 (Fax)

regdoff@abcbearings.com

www.abcbearings.com

ABC Bearings Limited

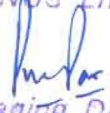

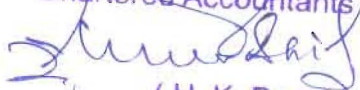

Registered Office : 402-B, Poonam Chambers,
Dr. Annie Besant Road, Worli, Mumbai - 400 018.
CIN: L29130MH1961PLC012028

ABC

Phone : +91 22 2496 4500
Fax : +91 22 2495 0527
E-mail : regdoff@abcbearings.com
Website : www.abcbearings.com

FORM A

Format of covering letter of the annual audit report to be filed
with the stock exchange.

1	Name of the Company	ABC BEARINGS LIMITED
2	Annual Financial Statements for the year ended	31-03-2013
3	Type of Audit Observation	Unqualified
4	Frequency of Observation	Nil
5	Signed by	
	Whome-time Director	<i>For ABC BEARINGS LIMITED</i>  <i>Managing Director.</i>
	CFO	<i>For ABC Bearings Limited</i> 
	Auditor of the Company	S. K. Choudhary Chief Finance Officer FOR PARIKH & SHAH Chartered Accountants  (H. K. Desai) Partner Membership No.13719
	Audit Committee Chairman	

PLANT

NARMADA NAGAR, BHARUCH-392015 Tel.: (02642) 248222/23/24 Fax: (02642) 247591