

**ABC**

**ABC Bearings Limited**

**53**

**Annual Report  
2013-2014**

# ABC



Manufacturing Lines

<b>BOARD OF DIRECTORS</b>	S. M. Patel - Chairman P. M. Patel - Managing Director T. M. Patel - Executive Director Y. H. Malegam - Upto 16.07.2013 S. K. Diwanji Jal R. Patel Nalin M. Shah - From 16.07.2013
<b>COMPANY SECRETARY</b>	S.B. Desai
<b>AUDITORS</b>	Parikh & Shah Chartered Accountants
<b>COST AUDITORS</b>	B. J. D Nanabhoy & Co. Cost Accountants
<b>SOLICITORS</b>	Desai & Diwanji Advocates & Solicitors
<b>BANKERS</b>	IDBI Bank Ltd. State Bank of India
<b>REGISTERED OFFICE</b>	402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai-400 018. Phone: 022-24964500, 24964501, 66608851 Fax : 022-24950527 E-mail: regdoff@abcbearings.com
<b>REGISTRARS &amp; TRANSFER AGENTS</b>	Bigshare Services Pvt. Ltd. E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072. Tel.: 022 - 40430200 Fax: 022 - 28475207 E-mail: investor@bigshareonline.com
<b>WORKS</b>	1. GIDC Industrial Estate, Bharuch - 392 015, Gujarat State. Phone: 02642 - 248222/3/4, 246353 Fax : 02642 - 247591 E-mail: mktbrh@abcbearings.com  2. Khasra No.122 MI, Central Hope Town, Village: Selaqui, Tehsil: Vikas Nagar, Dehradun-248197, Uttarakhand.

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**ANNUAL GENERAL MEETING**  
Thursday, 17<sup>th</sup> July, 2014 at 4.30 p.m.  
Hall of Culture, Nehru Centre,  
Dr. Annie Besant Road,  
Worli, Mumbai – 400 018.

## NOTICE

NOTICE is hereby given that the Fifty-third Annual General Meeting of the Members of **ABC Bearings Limited** will be held on **Thursday, the 17<sup>th</sup> July, 2014 at 4.30 p.m.** at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2014 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 appoint a Director in place of Mr. S.M. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Jal Ratanshaw Patel (holding DIN 00065021), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31<sup>st</sup> March, 2019.”
6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Shishir Kisonlal Diwanji (holding DIN 00087529), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto 31<sup>st</sup> March, 2019.”
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the appointment of Mr. S.M. Patel as the Executive Chairman of the Company for a period of three years with effect from 2<sup>nd</sup> May, 2014, on the terms and conditions including remuneration as set out in the Draft Agreement to be entered into between the Company and Mr. S.M. Patel, copy whereof initialled by the Chairman for the purpose of identification placed before this meeting be and is hereby approved.”

“RESOLVED FURTHER THAT subject to the provisions of Section 198 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, in the event of inadequacy or absence of profits, Mr. S.M. Patel, be paid the remuneration as set out in the Draft Agreement to be entered into between the Company and Mr. S.M. Patel, as the Minimum Remuneration.”

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

“RESOLVED THAT pursuant to the provisions of Sections 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the appointment of Mr. P.M. Patel as the Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> August, 2014, on the terms and conditions including remuneration as set out in the Draft Agreement to be entered into between the Company and Mr. P.M. Patel, copy whereof initialled by the Chairman for the purpose of identification placed before this meeting be and is hereby approved.”

“RESOLVED FURTHER THAT subject to the provisions of Section 198 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, in the event of inadequacy or absence of profits, Mr. P. M. Patel, be paid the remuneration as set out in the Draft Agreement to be entered into between the Company and Mr. P. M. Patel, as the Minimum Remuneration.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps including the power to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board and Mr. P. M. Patel, subject to such approval as may be necessary, proper and expedient and to do any act, deeds, matters and things to give effect to this Resolution.”

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

“RESOLVED THAT in supersession of all earlier resolutions passed in this regard and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and in accordance with the applicable provisions of the Companies Act, 1956, if any (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted or to be constituted to exercise its powers including the powers conferred by this resolution) for borrowing any sum or sums of money from time to time from any one or more of the Company’s bankers and/or financial or investment institutions and/or from anyone or more other persons, firms, companies, whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company’s assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount upto which the moneys may be borrowed by the Board and outstanding at any time shall not exceed the sum of Rs.500 crores (Rupees five Hundred Crores only) exclusive of interest, and the Board are hereby further authorised to execute such deeds of debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Board may think fit and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or enactment thereof, for the time being in force), B. J. D. Nanabhoy & Co., the Cost Auditors appointed by the Board of Directors, to conduct the audit of cost records of the Company for the financial year ending March 31, 2015 be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/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 15<sup>th</sup> July, 2014 to Thursday, the 17<sup>th</sup> July, 2014 (both days inclusive), for the purpose of dividend, if declared at the Annual General Meeting.
3. Pursuant to Sections 124 and 125 of the Companies Act, 2013, 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 2006-07 are provided hereunder:

Financial Year	Rate (%)	Date of declaration of Dividend	Tentative dates for transfer to IEPF
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
2012-13	25%	16.07.2013	16.09.2020

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. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting.

The instructions for members for voting electronically are as under:-

(A) In case of members receiving e-mail:

- i) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT".
- v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID <b>For CDSL: 16 digits beneficiary ID</b>	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio	

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: AAABC2018P in the PAN field.

# Please enter any one of the details in order to login. In case either of the details are not recorded with the depository, please enter the value 20051966 in the DOB column or the AABBC19665 in the Dividend Bank details field.

- vi) After entering these details appropriately, click on “SUBMIT” tab.
  - vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ %& \*). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
  - viii) Click on the relevant EVSN on which you choose to vote.
  - ix) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - x) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
  - xi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - xii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (B) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/depository participant(s) or requesting physical copy]:
- (A) Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
  - (B) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
  - (C) The voting period begins on 9<sup>th</sup> July, 2014 (9.00 a.m) and ends on 11<sup>th</sup> July, 2014 (5.00 p.m). The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
5. The Company has appointed Mr. S.V. S. Iyer Practicing Company Secretary as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
  6. A copy of this notice has been placed on the website of the Company and the website of CDSL.
  7. As per SEBI’s Notification dated 16<sup>th</sup> February, 2000, the equity shares of the Company have been compulsorily dematerialised and sale/purchase of the same is required to take place in dematerialised form only. You are advised to get your shares dematerialised through NSDL or CDSL. They have allotted ISIN Number INE 779A01011. Members are requested in their interest, to please return the physical certificates through their Depository Participants (DP).
  8. 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.
  9. 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.

10. 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.
11. Members are requested to register their e-mail address with the Share Transfer Agents for sending notice/documents through e-mail.
12. Members are requested to send all future correspondence in respect of their change of address, transfer of shares or any other query, directly to the Share Transfer Agents at the following address: -  

Bigshare Services Pvt. Ltd.	Tel.: 022-40430200
E-2/3, Ansa Industrial Estate,	Fax: 022-28475207
Sakivihar Road, Saki Naka,	E-mail: investor@bigshareonline.com
Andheri (E), Mumbai - 400 072.	Website: www.bigshareonline.com
13. Members are requested to quote their Folio/DP ID Number(s) in all correspondence with the Company's Share Transfer Agents.
14. Members/Proxies should bring the attendance slip duly filled-in for attending the meeting.
15. 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: 9th May, 2014

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



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**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF  
THE COMPANIES ACT, 2013.**

**Item No.5:**

Mr. Jal R. Patel is Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 26<sup>th</sup> May, 2004. He is the Chairman of the Audit Committee, a member of Corporate Social Responsibility Committee and Nomination and Remuneration Committee.

Mr. Jal R. Patel, is a Financial & Management Consultant. He is an Associate Member of Institute of Company Secretaries of India and Institute of Chartered Accountants of India. He has held the position of Managing Director of FAG Bearings India Ltd. for 23 years and he retired from the organisation as the Chairman. Mr. Jal R. Patel holds directorships and memberships/chairmanships of the Committees of the Board of Directors of the understated other companies in India:

- Director in Gujarat Gas Company Limited, Shri Dinesh Mills Limited, Styrolution ABS (India) Limited, Elecon Engineering Co. Limited, Munjal Auto Industries Limited and Jewel Consumer Care Private Limited.
- Chairman Audit Committee and member of Shareholders Grievance Committee of Gujarat Gas Company Limited, Chairman Shareholders Grievance Committee and member Audit Committee of Styrolution ABS (India) Limited, Chairman Audit Committee of Elecon Engineering Company Limited and member of Shareholders Grievance Committee of Shri Dinesh Mills Limited.

Mr. Jal R. Patel holds 350 shares in the Company.

Mr. Jal R. Patel is a Director whose period of office is liable to determination by retirement of Director by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Jal R. Patel being eligible and offering himself for appointment is proposed to be appointed as Independent Director for five consecutive years for a term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Mr. Jal R. Patel as a candidate for the office of the Director of the Company.

In the opinion of the Board Mr. Jal R. Patel fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Jal R. Patel as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Jal R. Patel as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Jal R. Patel as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Jal R. Patel, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

**Item No.6:**

Mr. Shishir K. Diwanji is Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 23<sup>rd</sup> June, 1988. He is the Chairman of the Nomination and Remuneration Committee and member of Audit Committee.

Mr. Shishir K. Diwanji, is a Solicitor, Advocate and Notary with over 46 years of experience in the legal profession. He is a Senior Partner of Messrs. Desai & Diwanji, an eminent firm of Advocates, Solicitors & Notaries. Mr. Shishir K. Diwanji holds directorships and memberships/chairmanships of the Committees of the Board of Directors of the understated other companies in India:

- Director in HDFC Trustee Company Limited, Hawkins Cookers Limited, Kaira Can Company Limited, Protos Engineering Company Private Limited, Windmere Hospitality (India) Private Limited and Gem Photographic (India) Private Limited.
- Member Audit Committee, Customer Services Committee and Risk Management Committee of HDFC Trustee Company Limited.

Mr. Shishir K. Diwanji holds 7950 shares in the Company.

Mr. Shishir K. Diwanji is a Director whose period of office is liable to determination by retirement of Director by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Shishir K. Diwanji being eligible and offering himself for appointment is proposed to be appointed as Independent Director for five consecutive years for a term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Mr. Shishir K. Diwanji as a candidate for the office of the Director of the Company.

In the opinion of the Board Mr. Shishir K. Diwanji fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Shishir K. Diwanji as an Independent Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Shishir K. Diwanji as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Shishir K. Diwanji as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Shishir K. Diwanji, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

**Item No.7:**

The shareholders at the Annual General Meeting held on 29<sup>th</sup> July, 2011 approved the appointment and payment of remuneration to Mr. S. M. Patel, Executive Chairman from 02.05.2011 to 01.05.2016 subject to the approval of the Central Government. The Central Government approved the remuneration of Mr. S.M. Patel, Executive chairman for the period from 02.05.2011 to 01.05.2014. The Directors have at their meeting held on 9<sup>th</sup> May, 2014 re-appointed Mr. S.M. Patel as Executive Chairman for a further period of 3 years with effect from 2<sup>nd</sup> May, 2014, on the terms and conditions including the remuneration as set out in the draft agreement, which are as under:

**A. Salary**

In the range of ₹ 9,00,000/- – ₹ 11,00,000/- per month as the Board/Committee of Directors may decide from time to time.

**B. Perquisites & Allowances:**

The Executive Chairman shall be entitled to the following perquisites and benefits:

- i) Accommodation (furnished/unfurnished) or House Rent Allowance in lieu thereof;
- ii) Maintenance and upkeep, all monthly outgoings, cost of repairs, furnishings, payment of actual expenses for gas, electricity, water;
- iii) Reimbursement of actual expenditure on medical treatment for self and dependent family members;
- iv) Leave travel for self and dependent family members;
- v) Subscription to Club fees and other expenses incurred at the club;
- vi) Medical/accident insurance;
- vii) Car with Driver maintained and fuelled by the Company for the use of Mr. S. M. Patel and his family;
- viii) Other perquisites subject to overall ceiling of remuneration stipulated in Section 197 of the Companies Act, 2013.

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

**C. Retirement Benefits**

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

**D. Minimum Remuneration:**

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

**E. Retirement by Rotation:**

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

**F. Sitting Fees:**

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

The particulars set out above may be treated as an abstract of the Agreement, proposed to be entered into between the Company and Mr. S.M. Patel under the provisions of Section 190 of the Companies Act, 2013.

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

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

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

**Item No. 8:**

The shareholders at the Annual General Meeting held on 29<sup>th</sup> July, 2011 approved the appointment and payment of remuneration to Mr. P. M. Patel, Managing Director from 01/08/2011 to 31/07/2016 subject to the approval of the Central Government. The Central Government approved the remuneration of Mr. P.M. Patel, Managing Director for the period from 01.08.2011 to 31.07.2014. The Directors have at their meeting held on 9<sup>th</sup> May, 2014, re-appointed Mr. P.M. Patel as Managing Director, for a further period of 3 years with effect from 1<sup>st</sup> August 2014, on the terms and conditions including the remuneration as set out in the draft agreement, which are as under:

**A. Salary**

In the range of ₹ 9,00,000/- – ₹ 11,00,000/- per month as the Board/Committee of Directors may decide from time to time.

**B. Perquisites & Allowances:**

The Managing Director shall be entitled to the following perquisites and benefits:

- i) Accommodation (furnished/unfurnished) or House Rent Allowance in lieu thereof;
- ii) Maintenance and upkeep, monthly outgoings, cost of repairs, furnishings, payment of actual expenses for gas, electricity, water;
- iii) Reimbursement of actual expenditure on medical treatment for self and family;
- iv) Leave travel for self and family;
- v) Club fees;
- vi) Medical/accident insurance;
- vii) Car with Driver maintained and fuelled by the Company for the use of Mr. P. M. Patel and his family;
- viii) Other perquisites subject to overall ceiling of remuneration stipulated in Section 197 of the Companies Act, 2013.

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

**C. Retirement Benefits**

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

**D. Minimum Remuneration:**

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

**E. Retirement by Rotation:**

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

**F. Sitting Fees:**

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

The particulars set out above may be treated as an abstract of the Agreement, proposed to be entered into between the Company and Mr. P.M. Patel under the provisions of Section 190 of the Companies Act, 2013.

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

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

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

**Item No. 9:**

As per Section 180(1)(c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the Company and its free reserve requires approval from the shareholders of the Company by way of Special Resolution.

Members of the Company at its 50<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> July, 2011 had authorised by an Ordinary Resolution to the Board under Section 293(1)(d) of the Companies Act, 1956 to borrow monies upto ₹ 500 crores.

As you are aware, Section 180 of the Companies Act, 2013 has been notified with effect from 12<sup>th</sup> September, 2013 in place of corresponding Section 293 of the Companies Act, 1956. This new Section requires approval of the members by Special Resolution as against Ordinary Resolution under earlier Section.

In view of the above, Directors seek approval from shareholders for the borrowing powers in terms of Section 180(1)(c) of the Companies Act, 2013.

The Directors accordingly recommend the resolution for members' approval as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

**Item No. 10 :**

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors to conduct the audit of cost records of the Company for the financial year ending March 31, 2015 at a remuneration of ₹ 53,000/- p. a.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of members is sought for passing an Ordinary Resolution as set out in Item No. 10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

The Directors accordingly recommend the resolution for members' approval as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

By Order of the Board of Directors

**Registered Office:**

402-B, Poonam Chambers,  
Dr. Annie Besant Road,  
Worli, Mumbai – 400 018.  
Date: 9<sup>th</sup> May, 2014

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

**IN ACCORDANCE WITH THE REQUIREMENTS OF SCHEDULE V TO THE COMPANIES ACT, 2013, A STATEMENT PROVIDING THE REQUIRED INFORMATION FOR THE APPOINTMENT AND PAYMENT OF REMUNERATION TO MANAGERIAL PERSONNEL IS GIVEN BELOW:**

**I General Information**

- |   |   |   |
|---|---|---|
| 1 | Nature of Industry  | : ABC Bearings Limited is in the business of manufacturing and selling of various types of Bearings.  |
| 2 | Date or expected date of commencement of commercial production  | : The Company is having plants at Bharuch in Gujarat and Dehradun in Uttarakhand and all these plants are already in Commercial Production.                               |
| 3 | In case of New Companies, expected date of commencement of activities as per projects approved by Financial Institutions appearing in the prospectus. | : Not Applicable  |
| 4 | Financial Performance based on given indicators.  | : Financial Year: 2013-14 a) Effective Capital ₹ 14782.72 lacs. b) Total Income ₹ 14168.27 lacs. c) Profit ₹ 463.22 lacs. d) Dividend declared ₹ 231 lacs.                |
| 5 | Export performance and net Foreign Exchange collaborations.   | : During the year ended 31 <sup>st</sup> March 2014, the Company has earned foreign exchange equivalent to ₹ 361.95 lacs.   |
| 6 | Foreign investments or collaborators, if any.   | : The Company has not made any investments outside India. It has entered into a Technical Collaboration with M/s. NSK Ltd., Japan, one of the world leaders in the field. |

**II Information about the appointee**

- |   | Mr. S.M. PATEL   | MR. P.M. PATEL   |
|---|--|--|
| 1 | Background details   | Background details   |
|   | : Mr. S. M. Patel is a Director of the Company having been associated with the Company more than two decades. He is working in the capacity of Executive Chairman since 2011.  | : Mr. P. M. Patel is a Director of the Company having been associated with the Company since last four decades. He is working in the capacity of Managing Director since 1991.   |
| 2 | Past remuneration  | Past remuneration  |
|   | : Mr. S. M. Patel, Executive Chairman was drawing a monthly basic salary of ₹ 9,82,000/- (Rupees Nine Lacs Eighty Two Thousand only) plus other allowances and perquisites.  | : Mr. P. M. Patel, Managing Director was drawing a monthly basic salary of ₹ 9,82,000/- (Rupees Nine Lacs Eighty Two Thousand only) plus other allowances and perquisites.   |
| 3 | Recognition/Awards.  | Recognition/Awards.  |
|   | :  | : Ex-President of Ball and Roller Bearing Manufacturers Association of India (BRBMA). Presently a Member of the Executive Committee of BRBMA.  |
| 4 | Job profile and his suitability  | Job profile and his suitability  |
|   | : Mr. S. M. Patel, has finance background with a qualification of Diploma in Accountancy & Finance and C.A. (Inter) Kenya and has been associated with the Company as a Director for the last 24 years out of which he has been Non Executive Chairman for 10 years and Executive Chairman with effect from 2 <sup>nd</sup> May, 2011.<br><br>He was actively involved as financial Advisor to the Company for seven years. Under his able guidance, the Company has benefited well. | : Mr. P. M. Patel, is a graduate from University of Bombay with M.B.A. from USA and has been associated with the Company since last four decades.<br><br>He has been responsible for the operations of the Company under the superintendence, direction and control of the Board.<br><br>Under his able leadership, the Company has grown manifold. Due to his expertise in the Management, the Company could build an enviable brand-equity for the Company through sustained quality standards in its product. |

5	Remuneration proposed	:	Keeping in view the financial position of the Company and his responsibility and role in the development of the Company, it is proposed to pay him the remuneration mentioned in explanatory statement as Minimum Remuneration.	Keeping in view the financial position of the Company and his responsibility and role in the development of the Company, it is proposed to pay him the remuneration mentioned in explanatory statement as Minimum Remuneration.
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	:	The appointee has Diploma in Accountancy & Finance and C.A. (Inter) Kenya and has working experience of over 25 years. The present job responsibilities of the appointee are monitoring the business activities of the Company and advising the Board of Directors. Accordingly keeping in view, the present scenario of high package being offered by MNC/Class A Indian Corporates, the proposed remuneration package of the appointee matches the prevailing remuneration package in the concerned industry and size of the Company, profile position etc.	Mr. P. M. Patel is a graduate from University of Bombay with M.B.A. from USA and has working experience of over 40 years. The present job responsibilities of the appointee are – control on business operations, implementation of business policies, expansion of business activities in India and abroad and maintaining quality standards of the product. Accordingly keeping in view, the present scenario of high package being offered by MNC/Class A Indian Corporates, the proposed remuneration package of the appointee matches the prevailing remuneration package in the concerned industry and size of the Company, profile position etc.
7.	Any pecuniary Relationship	:	Mr. S. M. Patel is a Director of the Company. Further, he is related to Mr. P. M. Patel and Mr. T. M. Patel, Directors of the Company.	Mr. P. M. Patel is a Director of the Company. Further, he is related to Mr. S. M. Patel and Mr. T. M. Patel, Directors of the Company.
<b>III Other information</b>				
1.	Reason for loss or inadequacy of profits.	:	The commercial vehicle industry showed negative growth during the year 2013-14. Industrial slow down and overall recession in Indian economy had an impact on sales and production of Company's plants.	
2.	Steps taken or proposed to be taken for improvement	:	The Company has added new customers, both domestic and abroad. The Company has also developed different types of Industrial and automotive Bearings for industries and the same have been very well received by the customers.	
3.	Expected increase in productivity/ profit	:	The prospect for the financial 2014-15 seems to be encouraging and the Company is hopeful of achieving good performance with targeted turnover increase of 20% . This should improve the profitability.	
IV	Disclosures	:	The Remuneration package proposed to be paid to Mr. S.M. Patel, Executive Chairman and Mr. P.M. Patel, Managing Director, is as per the Resolution given in the Notice.	

**DIRECTORS' REPORT**

To the Members,

Your Directors are pleased to present the Fifty-third Annual Report with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2014.

**FINANCIAL RESULTS:**

	<b>Year ended 31.03.2014 ₹ in Lacs</b>	Year ended 31.03.2013 ₹ in Lacs
Gross Profit before Interest, Depreciation and Tax	2091.77	1952.21
Less: Finance Costs	401.82	314.92
Depreciation	<u>989.00</u>	<u>856.31</u>
Profit before Tax	700.95	780.98
Less: Provision for tax		
Current Tax	152.50	157.50
MAT credit entitlement	(144.94)	(153.35)
Deferred Tax (Charge)/Credit	<u>(230.17)</u>	<u>(246.40)</u>
Profit after Tax	463.22	530.43
Add: Balance brought forward from previous year	841.40	701.79
Amount available for appropriations	<u>1304.62</u>	<u>1232.22</u>
Appropriations:		
Proposed Dividend	231.00	288.75
Tax on proposed dividend	39.26	49.07
Transfer to General Reserves	46.00	53.00
Balance carried to Balance Sheet	<u>988.36</u>	<u>841.40</u>
	<u>1304.62</u>	<u>1232.22</u>

**OPERATIONS:**

The Commercial Vehicle Industry as a whole continued to be depressed showing negative growth once again which was in excess of 20%. The production dropped even further in medium and heavy commercial vehicles, a segment in which the Company supplies large quantum of bearings. The Tractor Industry grew at a healthy rate of 20% and the Company continues to enjoy a good share of business in this segment. In order to save cost in the recessionary period, the sourcing of low cost bearings by the user industry continues to increase, posing a challenge for the Company to retain market share.

The aftermarket business was severely affected by the industrial slow-down. The movement of commercial vehicles which are generally on road for 20 days in a month, dropped substantially due to low availability of cargo, thus reducing the replacement cycle of consumable parts in a vehicle, resulting in low consumption of such parts including bearings in the aftermarket.

In order to mitigate the difficult situation and to have long term sustainability, the Company introduced several new offerings for actual users and the aftermarket. These products have been well received in both the domestic and export market and should show good growth in the future.

The recessionary trend had an impact on both sales and production of the company's plants especially, the Uttarakhand plant, the products of which cater mainly to the commercial vehicle manufacturers in Uttarakhand.

The sales in the Industrial and Big Bearing Division continues to increase with addition of customers and as the product range gets extended, the production level have yet to reach break-even levels. The Company has successfully developed several types of Spherical Roller Bearings for construction machinery, industrial gears, agricultural engineering equipment, metal production, food processing and material handling industries. The division has also successfully developed Slewing Bearings for the Defence & Wind Turbine Industry. The products have been well accepted by the customers.

We are confident that as the industrial activity in the Country picks up, this division will grow well.

As the demand from the user Industry reduced especially the auto industry the Company was forced to decrease the activity of manufacturing, however, it continued on its long term plans of upgrading its facilities and installing new machineries such as low energy consuming heat treatment facility and state of the art grinding lines.

The turnover was naturally lower not only as end users reduced production but also due to inventory correction at their end. Your Directors feel that the situation should improve from the latter part of the current year.

**DIVIDEND:**

The Directors are pleased to recommend a dividend of ₹ 2/- (20%) per Share for the financial year ended 31<sup>st</sup> March, 2014, 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 17<sup>th</sup> July, 2014 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 grow every year meeting the demands of the passenger car and related segments.

**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 the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

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

**DIRECTORS:**

In accordance with the requirements of the Companies Act, 2013, Mr. S. M. Patel retires by rotation and being eligible, offers himself for reappointment. Necessary resolution is being proposed for his reappointment as Director at the ensuing Annual General Meeting of the Company.



**CORPORATE GOVERNANCE:**

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

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

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

**AUDITORS:**

M/s. Parikh & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 139 of the Companies Act, 2013.

**COST AUDITORS:**

In pursuance of Section 148 of the Companies Act, 2013, 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 2014-15, 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 139 of the Companies Act, 2013.

**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 : 9<sup>th</sup> May, 2014.

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

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## 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:

In continuation to the efforts made towards energy saving in the earlier years, further energy saving projects have been launched during the year across all the plants. These are in the areas of :

1. Replacement of the old energy consuming heat treatment furnace with an energy efficient one.
2. Coolant Circulation System, Compressed Air System : Variable frequency drives installed in Central coolant System and Air Compressor for optimizing use of energy.
3. Material Movements : Major modifications have been made in machinery layout to improve process flow from start to finish. This has improved usage of Material Handling systems, thus saving energy.
4. Smaller capacity DG set and Air compressor installed to feed energy as per specific requirement of each area.
5. Monitoring Energy Usage: Energy meters installed on each machines, office premises & divisions for monitoring and optimizing energy usage.

### Green Initiative:

1. Smaller capacity DG set and Air compressor installed to feed energy as per specific requirement of each area.
2. Fume free Eco Friendly cleaning media introduced in bearing cleaning processes.
3. Green belt increased across the plants.
4. Recovering maximum quantity of coolant from grinding dust for re-usage.

### B. TECHNOLOGY ABSORPTION:

1. The Company has over the years developed sufficient capability of its own for design and development of various types of bearings. The Company continues to get technical support from NSK Ltd, Japan, the third largest bearing Company in the world, on an ongoing basis as per the long term Technical Assistance Agreement in force.
2. Customized software developed to meet technological solutions for bearing designs.
3. New generation bearings developed through ongoing in-house R&D activities.
4. Installed various additional testing rigs to meet new stringent requirements of customers.
5. A structured programme started of retrofitting of critical machines for upgrading them for state of the art technical capability.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings : ₹ 361.95 Lacs

Outgo : ₹ 860.61 Lacs

For and on behalf of the Board

Place : Mumbai  
Date : 9<sup>th</sup> May, 2014.

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

## 10 YEARS' HIGHLIGHTS

₹ in lacs

PARTICULARS	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Sales &amp; Other Income</b>	<b>15264.22</b>	<b>18255.23</b>	<b>21591.51</b>	<b>19534.84</b>	<b>15064.33</b>	<b>17737.99</b>	<b>22480.14</b>	<b>19441.70</b>	<b>16696.68</b>	<b>15798.70</b>
Materials Consumed	6790.84	8239.07	9235.20	8907.07	7286.85	9151.34	11161.48	9658.59	8101.00	8037.33
Excise Duty	2019.08	2413.71	3000.90	2700.48	1678.37	1332.79	1965.02	1782.87	1759.54	1572.55
Employee Cost	1069.49	1186.26	1122.80	1192.12	1052.55	1249.53	1573.71	1865.59	2137.84	1791.24
Interest & Finance Charges	280.96	269.36	382.51	318.46	1094.89	69.73	53.56	143.96	314.92	401.82
Depreciation	630.19	684.15	801.89	684.10	503.82	422.67	419.53	647.09	856.31	989.00
Other Expenses	2366.32	2749.38	3547.19	2888.98	2343.30	2910.36	3103.29	3106.58	2746.08	2680.01
Profit / (Loss) Before Tax & Exceptional Items	2107.34	2713.30	3501.02	2843.63	1104.55	2601.57	4203.54	2237.02	780.98	<b>326.75</b>
Exceptional Items	222.75	399.08	428.08	406.28	62.71	500.00	-	-	-	(374.20)
Provision for Current Tax	910.00	979.15	1196.40	1011.86	359.50	1030.00	1220.07	500.00	157.50	152.50
MAT Credit Entitlement	-	-	-	-	-	-	-	-	(153.35)	(144.94)
Provision for Deferred Tax (Charge) / Credit	177.64	235.62	136.57	166.09	(15.84)	(17.13)	(156.72)	(202.76)	(246.40)	(230.17)
<b>Profit/(Loss) After Tax &amp; Exceptional Items</b>	<b>1152.23</b>	<b>1570.69</b>	<b>2013.11</b>	<b>1591.58</b>	<b>657.50</b>	<b>2054.44</b>	<b>2826.75</b>	<b>1534.26</b>	<b>530.43</b>	<b>463.22</b>
Equity Dividend	346.50	462.00	462.00	462.00	231.00	519.75	693.00	577.50	288.75	231.00
<b>Equity Dividend %</b>	<b>30</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>20</b>	<b>45</b>	<b>60</b>	<b>50</b>	<b>25</b>	<b>20</b>
Retained Earnings	757.13	1043.89	1472.59	1051.06	387.24	1448.36	2021.33	863.07	192.62	183.15
Gross Fixed Assets *	9168.41	10183.96	11373.25	12106.74	12645.86	13437.31	17748.52	22102.49	25732.50	27722.73
Net Fixed Assets *#	2970.69	3378.52	3825.21	3898.64	3966.95	4355.52	8407.59	12151.33	15008.32	16198.34
Investments	21.73	139.05	21.73	1271.73	1250.10	1250.10	1250.10	1250.00	1250.00	1250.00
Net Current Assets *	4042.36	4433.83	6262.88	5956.97	7975.12	4217.03	3787.27	3371.55	1905.10	1907.22
Deferred Revenue Exp.	217.74	834.37	406.28	-	-	-	-	-	-	-
Total Assets (Net)	6457.53	8785.77	10516.10	11127.34	13192.18	9822.65	13444.96	16772.88	18163.42	19355.56
Share Capital - Equity	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00
<b>Reserves and Surplus</b>	<b>2577.92</b>	<b>3621.82</b>	<b>5094.41</b>	<b>6125.47</b>	<b>6472.79</b>	<b>7921.14</b>	<b>9942.47</b>	<b>10805.53</b>	<b>10998.14</b>	<b>11191.10</b>
Net Worth	3732.92	4776.82	6249.41	7280.47	7627.79	9076.14	11097.47	11960.53	12153.14	12346.10
Borrowings *	2724.61	3449.58	3843.89	3590.16	5291.84	456.83	1901.10	4163.19	5114.73	5883.76
Deferred Tax Liability	794.99	559.37	422.80	256.71	272.55	289.68	446.40	649.16	895.55	1125.71
Total Fund Employed	6457.53	8785.77	10516.10	11127.34	13192.18	9822.65	13444.97	16772.88	18163.42	19355.57
Earnings per Share Rs.	9.98	13.60	17.43	13.78	5.69	17.79	24.47	13.28	4.59	4.01
<b>Book value per Share Rs.</b>	<b>32.32</b>	<b>41.36</b>	<b>54.11</b>	<b>63.03</b>	<b>66.04</b>	<b>78.58</b>	<b>96.08</b>	<b>103.55</b>	<b>105.22</b>	<b>106.89</b>
Debt: Equity *	0.78	0.88	0.66	0.49	0.69	0.05	0.17	0.35	0.42	0.48
Turnover/Inventory(Times)	6.82	6.24	6.45	6.16	4.50	5.45	10.26	4.44	4.04	4.97
Turnover/Net Block *	5.14	5.40	5.64	5.01	3.80	4.07	2.67	1.60	1.11	0.98
Current Assets / Current Liabilities *	2.96	2.62	3.03	2.76	4.36	2.22	1.90	1.77	1.33	1.48
Number of Shareholders	7161	7097	7401	7757	8345	7625	10764	9848	9219	8732
No. of Employees	509	314	331	355	355	337	365	386	424	432

\* Regrouped/reworked as per requirements of Revised Schedule VI for Financial Year 2010-2011 and 2011-12.

# Including Capital advances.

## CORPORATE GOVERNANCE REPORT

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

The Company firmly believes that Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the quality and mindset of the organisation. Companies stand to gain by adopting systems that bolster the stakeholders' trust through transparency, accountability and fairness. With increasing interdependence and free trade among countries and citizens across the globe, good Corporate Governance should be followed by every company to distinguish itself.

Keeping the above in mind, the Company has also committed itself to the philosophy of good Corporate Governance in all its dealings, utmost integrity in its conduct and in compliance with the high standards of corporate value and ethics. This philosophy is backed by principles of concern, commitment, ethics, excellence and learning in all its interactions with stakeholders, customers, employees, associates and community at large which has always propelled the Company towards newer horizons.

### 2. BOARD OF DIRECTORS:

The Board of Directors of the Company consists of distinguished personalities with considerable professional expertise and experience in the fields of business and industry, finance, law and management.

Your Company's policy is to maintain optimum combination of Executive and Non Executive Directors in compliance with the requirements of Clause 49(I) (A) of the Listing Agreement. As on the date of this Report, the strength of the Board of Directors is six (6) out of which three are Independent Non Executive Directors.

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	–	4	Yes
Mr. Y.H. Malegam*	Non-Executive Independent	N.A.	N.A.	N.A.	2	Yes
Mr. S.K. Diwanji	Non-Executive Independent	3	1	–	4	Yes
Mr. Jal R. Patel	Non-Executive Independent	5	3	3	4	Yes
Mr. Nalin M. Shah**	Non-Executive Independent	4	3	2	3	Yes

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

\* Upto 16.07.2013

\*\*From 16.07.2013

During the financial year 2013-14, four Board meetings were held on the following dates i.e. on 13<sup>th</sup> May, 2013, 16<sup>th</sup> July, 2013, 21<sup>st</sup> October, 2013 and 14<sup>th</sup> February, 2014 and the Annual General Meeting was held on 16<sup>th</sup> July, 2013.

### 3. CODE OF CONDUCT:

Your Company has adopted a Code of Conduct for members of the Board and Senior Management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. Your Company has received confirmations from all concerned regarding their adherence to the said Code.

The Company has a Code of Conduct for prevention of insider trading in its shares which applies to all its Directors and designated employees.

Pursuant to Clause 49 of the Listing Agreement, a confirmation from the Managing Director of the Company regarding compliance with the Code by all members of the Board and Senior Management is given below. The full text of the Code of Conduct has been posted on the Company's website [www.abcbearings.com](http://www.abcbearings.com).

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 2013-2014.

**P.M. Patel**  
*Managing Director*

### 4. AUDIT COMMITTEE:

At present, the Audit Committee of the Company comprises of three Directors of which two are Non-Executive Independent Directors. Members have varied expertise in banking, finance, accounting and legal matters. The Chairperson of the Audit Committee was present at the last Annual General Meeting held on 16<sup>th</sup> July, 2013. The Managing Director and General Manager-Accounts & Finance are the permanent invitees. The Statutory Auditors and the Internal Auditors are also invited to the meetings. The Company Secretary acts as Secretary to the Audit Committee. The Committee oversees the work carried out by the management and internal auditors on the financial reporting process, the safeguards employed by them and such relevant matters as it finds necessary to entrust.

The composition of the Audit Committee and their attendance at the meetings are given below:

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

During the financial year 2013-14, four Audit Committee Meetings were held on the following dates i.e. on 13<sup>th</sup> May, 2013, 16<sup>th</sup> July, 2013, 21<sup>st</sup> October, 2013 and 14<sup>th</sup> February, 2014.

The terms of reference of this Committee are, inter alia, to cover the matters specified under clause 49 of the Listing Agreements as well as Section 292A of the Companies Act, 1956. The Audit Committee of the Board, inter alia, provides assurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations;
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures; and
- Compliance with all relevant statutes.

The role of the Committee includes the following:

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b) Recommending the appointment and removal of external auditors, fixation of audit fees and approval of payment of fees for any other services rendered by the auditors.
- c) Reviewing with management the financial statements before submission to the Board with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - Any changes in accounting policies and practices;
  - Major accounting entries based on exercise of judgement by the management;
  - Significant adjustments arising out of audit;
  - Compliance with accounting standards;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Qualification in the draft audit report; and
  - Disclosure of related party transactions.
- d) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- e) Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading this department, reporting structure, coverage and frequency of internal audit.
- f) Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with statutory auditors before the audit commences on nature and scope of audit as well as post audit discussion to ascertain any areas of concern.
- i) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- j) Considering such other matters as may be required by the Board; and
- k) Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, the Companies Act and other statutes, as amended from time to time.

#### 5. NOMINATION AND REMUNERATION COMMITTEE:

The Remuneration Committee has been re-constituted as Nomination and Remuneration Committee pursuant to the provisions of Section 178 of the Companies Act, 2013, as per details given below:

The composition of the Nomination and 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. Nalin M. Shah*	Independent Non-executive Director (Member)

\* with effect from 16.07.2013.

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

The Nomination and Remuneration Committee shall identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

The Nomination and Remuneration Committee formulates the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

The Nomination and Remuneration Committee policy ensures that:

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- Relationship of remuneration to performance is clear and meets appropriate performance bench marks.
- Remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The Company has not granted any Stock Options to any of the Directors during the year.

The remuneration of Managing/Whole-time Directors are decided on the recommendation of the Nomination and Remuneration Committee and approved by the Board of Directors and shareholders. The Company has also obtained approval of the Central Government for the remuneration being paid to Managing/Whole-time Directors. The remuneration of Managing/Whole-time Directors comprise of salary, perquisites, contributions to Provident Fund for the financial year 2013-14 are as under:

Name	Salary (₹)	Perquisites (₹)	Contribution to Provident Fund (₹)	Total (₹)
Mr. S.M. Patel	1,17,85,714	6,34,455	14,14,286	1,38,34,455
Mr. P.M. Patel	1,17,85,714	6,31,896	14,14,286	1,38,31,896
Mr. T.M. Patel	1,16,13,300	1,93,104	13,93,596	1,32,00,000

The Non-Executive Directors are paid sitting fee @ ₹ 15,000/- for attending Board Meeting, ₹ 10,000/- for attending Audit Committee Meeting, ₹ 7,500/- for attending Nomination and Remuneration Committee Meeting, ₹ 2,500/- for attending Stakeholders Relationship Committee Meeting.

The total amount of sitting fees paid during the year was ₹ 2,87,500/-. The details of sitting fees paid to the Non-Executive Directors during the year under report and their shareholding in the Company are as given below:

Name of the Non-Executive Director	Sitting Fees paid during the period 01.04.2013 to 31.03.2014 (₹)	No. of shares held As on 31st March, 2014 (Nos.)
Mr. Y. H. Malegam*	30,000	7,445
Mr. S. K. Diwanji	1,00,000	7,950
Mr. Jal R. Patel	1,00,000	350
Mr. Nalin M. Shah**	57,500	—

\* Ceased to be a Director with effect from 17<sup>th</sup> July, 2013.

\*\* With effect from 16<sup>th</sup> July, 2013.

**6. COMPLIANCE OFFICER:**

Mr. S.B. Desai, Company Secretary acts as Compliance Officer and has been regularly interacting with the Registrar & Share Transfer Agents (RTA) to ensure that the complaints/grievances of the shareholders/investors are attended to without delay and ensuring compliance with the requirements of Listing Agreement with the Stock Exchange and under SEBI Regulations as amended from time to time.

**7. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Transfer-cum-Shareholders'/Investors' Grievance Committee has been reconstituted as Stakeholders Relationship Committee pursuant to the provisions of Section 178 of the Companies Act, 2013.

The composition of the Stakeholders Relationship 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 [Non Executive Independent]	8
Mr. Nalin M. Shah**	Chairman [Non Executive Independent]	6
Mr. S.M. Patel	Member [Executive Chairman]	14
Mr. P.M. Patel	Member [Managing Director]	12
Mr. T.M. Patel	Member [Executive Director]	Nil

\* Upto 16.07.2013 \*\* With effect from 16.07.2013.

The Company had appointed M/s. Bigshare Services Private Limited to act as Registrar and Transfer Agent of the Company.

The Stakeholders Relationship Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders'/investors' complaints related to transfer of shares, non receipt of annual reports, non receipt of declared dividend, etc. The Committee oversees performance of the Registrars and Share Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

During the year, the Stakeholders Relationship Committee held its meetings on 5th April, 2013, 12<sup>th</sup> April, 2013, 26<sup>th</sup> April, 2013, 3<sup>rd</sup> May, 2013, 31<sup>st</sup> May, 2013, 14<sup>th</sup> June, 2013, 21<sup>st</sup> June, 2013, 8<sup>th</sup> July, 2013, 30<sup>th</sup> July, 2013, 22<sup>nd</sup> November, 2013, 6<sup>th</sup> December, 2013, 24<sup>th</sup> January, 2014, 7<sup>th</sup> February, 2014 and 14<sup>th</sup> February, 2014.

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 Dividend	12	12
Non receipt of Annual Report	9	9
Relating to SEBI	1	1
Relating to Stock Exchange	1	1
Non receipt of demat credit	1	1
Total	24	24



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

All valid share transfers, received during the year ended 31<sup>st</sup> March, 2014, have been acted upon and there were no share transfers pending as on 31<sup>st</sup> March, 2014.

#### 8. 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
2010-2011	29 <sup>th</sup> July, 2011	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	4.30 p.m.
2011-2012	3 <sup>rd</sup> August, 2012	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	4.30 p.m.
2012-2013	16 <sup>th</sup> July, 2013	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	4.30 p.m.

The Company has passed Special Resolution at the Annual General Meeting held for the year 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. A Special Resolution under the provisions of section 180 (1) (a) of the Companies Act, 2013 has been proposed to be taken up through postal ballot at the ensuing Annual General Meeting.

#### 9. DISCLOSURES:

During the year 2013-14, the Company had no materially significant related party transaction, which is considered to have potential conflict with the interests of the Company at large.

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

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

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

Remaining non mandatory requirements of Clause 49 are expected to be addressed in due course.

#### 10. MEANS OF COMMUNICATION:

The Board of Directors of the Company approves and takes on record the unaudited financial results of the Company within 45 days of the close of the quarter/half year and announces forthwith the results to the Stock Exchange, where the shares of the Company are listed, as also the same are published within 48 hours in two newspapers as prescribed. As the Company publishes the audited annual results within the stipulated period of 60 days, as required by the Listing Agreement with the Stock Exchange, the unaudited results for the last quarter of the financial year are not published.

The Company's results, official news releases and presentation to analysts are displayed on the Company's website, i.e [www.abcbearings.com](http://www.abcbearings.com).

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

**11. GENERAL SHAREHOLDER INFORMATION:****Annual General Meeting**Date : 17<sup>th</sup> July, 2014.

Time : 4.30 p.m.

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

**12. 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.

**13. DATE OF BOOK CLOSURE:**Tuesday, the 15<sup>th</sup> July, 2014 to Thursday, the 17<sup>th</sup> July, 2014 (both days inclusive)**14. DIVIDEND PAYMENT DATE:**After 17<sup>th</sup> July, 2014.**15. LISTING ON STOCK EXCHANGES:**

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

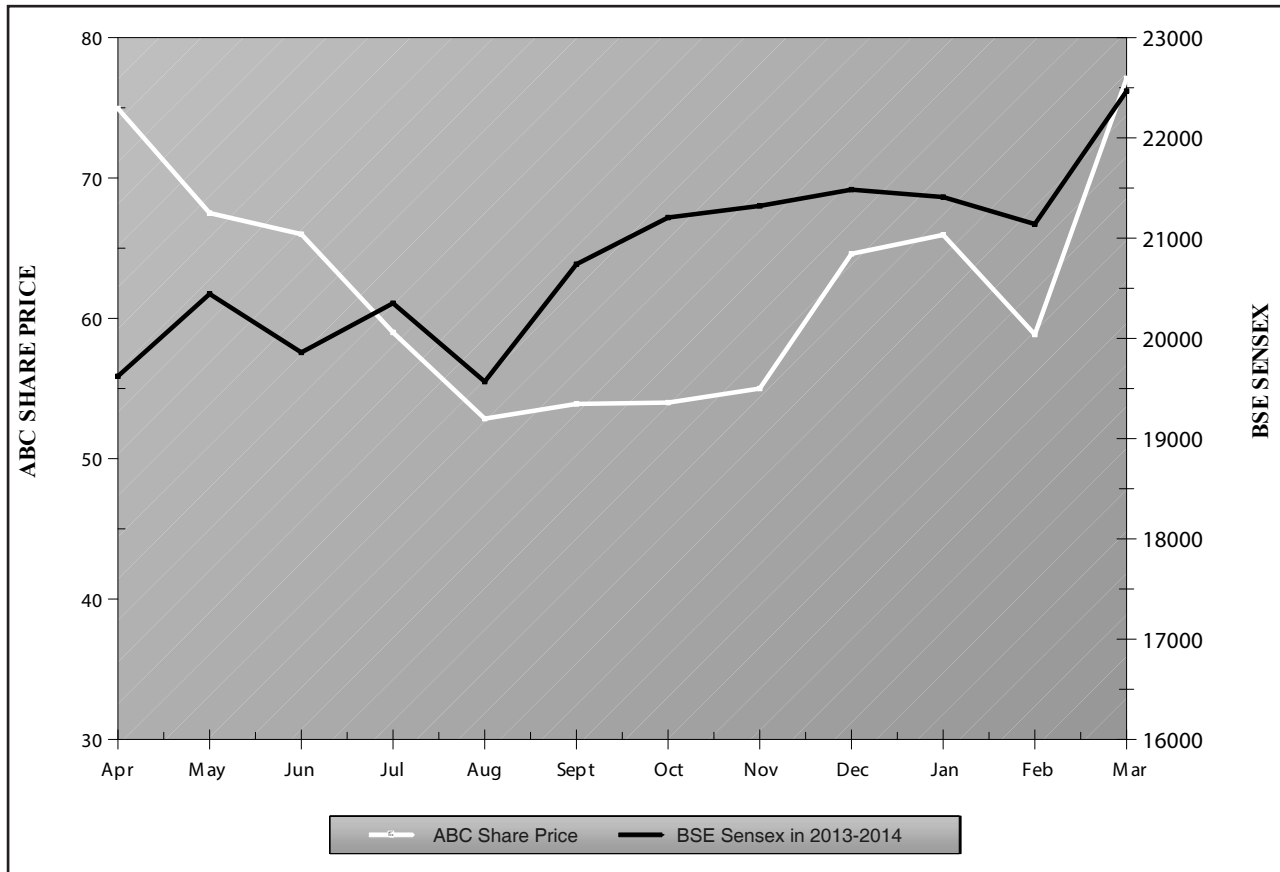
**16. STOCK CODE:**

BSE Limited, Mumbai (BSE) – 505665

Demat International Security Identification Number (ISIN)  
in NSDL & CDSL for Equity Shares – INE 779A01011**17. STOCK PRICE DATA:**

BSE Limited, Mumbai (BSE)

Month	High (₹)	Low (₹)
April, 2013	74.95	60.15
May, 2013	67.50	58.15
June, 2013	66.00	53.50
July, 2013	59.00	47.55
August, 2013	52.85	40.55
September, 2013	53.90	44.30
October, 2013	54.00	46.00
November, 2013	55.00	45.90
December, 2013	64.60	51.00
January, 2014	65.95	50.40
February, 2014	58.85	47.30
March, 2014	77.10	53.40

**ABC SHARE PRICE - VS BSE SENSEX IN 2013-2014**

Performance in comparison to BSE Sensex

**18. REGISTRARS AND TRANSFER AGENTS:**

Bigshare Services Pvt. Ltd.	Tel.: 022-40430200
E-2/3, Ansa Industrial Estate,	Fax: 022-28475207
Sakivihar Road, Saki Naka,	E-mail: investor@bigshareonline.com
Andheri (E), Mumbai 400 072.	Website: www.bigshareonline.com

**19. 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.

**20. DISTRIBUTION OF SHAREHOLDING:**

Categories of Shareholding as on 31<sup>st</sup> March, 2014.

Category	Shares	
	Number	% to Total
Promoters and Promoters Group	4468009	38.68
Mutual Funds	45	0.00
Banks, Financial Institutions, Insurance Companies	406947	3.52
Foreign Institutional Investors	450	0.00
Private Corporate Bodies	412169	3.57
Indian Public	3374052	29.22
NRIs/OCBs	2884638	24.98
Others (Shares in Transit)	3690	0.03
Total	11550000	100.00

Distribution of Shareholding as on 31<sup>st</sup> March 2014.

Range			Shareholders		Shares	
			Number	% to Total	Number	% to Total
1	–	50	3000	34.42	81512	0.71
51	–	100	1973	22.64	174135	1.51
101	–	300	2083	23.90	411144	3.56
301	–	500	654	7.50	285480	2.47
501	–	1000	550	6.31	421513	3.65
1001	–	5000	377	4.33	763804	6.61
5001	and	above	78	0.90	9412412	81.49
Total			8715	100.00	11550000	100.00

**21. DEMATERIALISATION OF SHARES AND LIQUIDITY:**

96.40% equity shares of the Company have been dematerialised as on 31<sup>st</sup> March, 2014.

**22. 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.

**23. PLANT LOCATIONS:**

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

**24. 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-2/3, 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](http://www.bigshareonline.com)) and help them to serve you better.

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

For and on behalf of the Board

Place : Mumbai  
Date : 9<sup>th</sup> May, 2014.

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

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

To the Members of ABC Bearings Limited

We have examined the compliance of the conditions of Corporate Governance by ABC Bearings Limited for the year ended 31<sup>st</sup> March, 2014, 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*

Mumbai, 9<sup>th</sup> May, 2014.

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

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## MANAGEMENT DISCUSSION AND ANALYSIS:

### a) Industry Structure and Development

Indian economy experienced slower growth during 2013-14 due to inflationary pressures, high interest rates and absence of attention on core sectors. The market size of Indian Bearings industry is about ₹ 70 billion. Imports comprise of 40% of bearing demand in India. The Original Equipment Manufacturers as well as players in replacement market had a challenging year for Indian bearing industry.

### b) Opportunities and Threats

Opportunities:

In the year 2014-15 Tractor industry has predicted a growth of approx 10%, however, though there is no clarity from commercial vehicle industry. We feel that once the new Government is formed and pending projects cleared, normalcy should return to the Industry. The Company is working with existing customers in their new projects and supplies to them is expected from December 2014 onwards. The Company has also identified new customers for new business opportunities and expected its approvals in 2014-15.

Government policy of opening up of mining and other core infrastructural areas like Building of Highways, Connecting of rivers through Canals, etc. will improve consumption level of bearings as it will increase the activities of Commercial Vehicle Industry.

Threats:

Low cost suppliers of bearings from domestic and overseas markets will continue in 2014-15. B and C category brands are making a big push into the aftermarket riding on the preference for low cost products. A category brands too are getting more aggressive, leading to price wars and reduced contribution levels. Extended payment cycles and bearing replacement cycles prove to be an impediment to business growth.

### c) Segment-wise-performance

The Company has only one segment of activity namely 'Bearings' as defined by AS-17 notified under the Companies (Accounting Standards) Rules, 2006.

### d) Outlook

Barring unforeseen natural disasters and unexpected policy changes by the government, the Company expects a dull start to the current fiscal and going forward post the general elections, it expects a normal sales pattern enabling it to stretch and reach its sales targets.

### e) Risks and concerns

The weakened Indian Rupee is showing chaotic performance and market opinion claims the bottoming out, is yet to happen. This erratic behaviour is expected to affect badly the Company's raw material and other input costs. Even the Company's export business in terms of realization is expected to be hurt. Indian aftermarket has become insensitive to quality grade of the product and is focussing more on procuring low cost bearings.

### 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 2013-14 stood at ₹ 15,775.66 lacs. Reduction in demand led to lower production. Profit before tax or the year was ₹ 700.96 lacs and the profit after tax was ₹ 463.22 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 432 employees on your Company's rolls.

For and on behalf of the Board

Place : Mumbai  
Date : 9<sup>th</sup> May, 2014.

**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, 2014, 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") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;
- (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 sub-Section (3C) of Section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013;
  - e. on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014, 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

**H.K. Desai**

**Partner**

Membership No.13719

Place : Mumbai

Date : 9<sup>th</sup> May, 2014



## ABC Bearings Limited

### ANNEXURE TO AUDITORS' REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

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 its 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 31-03-2014 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
			Financial Year	
State and Central Sales Tax Acts	Sales Tax	1.98	2000-01	Jt. Commissioner of Sales Tax (Appeal) Worli Division, Mumbai
		14.13	2001-02	Jt. Commissioner of Sales Tax Appeal, Worli Division, Mumbai.
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.
		0.56	2013-14	Commissioner (Appeal), Central Excise, Vadodara.
		1.36	2013-14	Commissioner (Appeal), Central Excise, Vadodara
Income Tax Act, 1961	Income Tax	8.74	2005-06	Appeal order effects of CIT (A)/ITAT are pending.
		0.58	2006-07	Appeal order effects of CIT (A)/ITAT are pending.
		26.93	2006-07	High Court of Mumbai
		16.55	2006-07	CIT (Appeals), Mumbai
		4.81	2008-09	ITAT, Mumbai.
		16.38	2009-10	CIT (Appeals), Mumbai.
		14.16	2009-10	ITAT, Mumbai
		9.37	2011-12	CIT (Appeals), Mumbai.

10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.
11. According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to banks during the year. The Company has not taken any loans from financial institutions and has not issued debentures during the year.
12. As the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities clause 4(xii) of the Order is not applicable.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly, the provisions of the clause 4(xiii) of the Order are not applicable.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, Paragraph 4(xiv) of the Order is not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The term loans have been applied for the purpose for which they were obtained.

17. On the basis of examination of the Accounts and as per information and explanation given in our opinion the funds raised on short term basis have prima facie not been used for long term investments.
18. The Company has not made any preferential allotment of shares to any parties and companies covered under the register maintained u/s.301 of the Companies Act, 1956 during the year.
19. No security or charge is required to be created since the company has not issued any Debentures.
20. The Company has not raised any money by public issue during the year.
21. On the basis of examination of books of account and other relevant records in the course of our audit and information and explanation given to us no fraud on or by the Company has been noticed or reported during the year.

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

Place : Mumbai  
Date : 9<sup>th</sup> May, 2014

**H.K. Desai**  
**Partner**  
Membership No.13719

## Balane Sheet as at 31st March, 2014

	Notes	As at 31st March, 2014 ₹ in Lacs	As at 31st March, 2013 ₹ in Lacs
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
Share Capital	2	1,155.00	1,155.00
Reserves and Surplus	3	11,191.10	10,998.14
		<u>12,346.10</u>	<u>12,153.14</u>
<b>(2) Non-Current Liabilities</b>			
Long-term borrowings	4	3,686.62	2,613.39
Deferred tax liabilities (Net)	5	1,125.71	895.55
Other Long-term liabilities	6	498.61	167.35
Long-term provisions	7	125.23	130.13
		<u>5,436.17</u>	<u>3,806.42</u>
<b>(3) Current Liabilities</b>			
Short-term borrowings	8	2,197.14	2,501.34
Trade payables	9	1,765.45	1,593.00
Other current liabilities	10	2,113.68	3,003.82
Short-term provisions	11	316.45	452.29
		<u>6,392.72</u>	<u>7,550.45</u>
<b>Total</b>		<u>24,174.99</u>	<u>23,510.01</u>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
Fixed assets	12		
Tangible assets		13,133.37	12,037.14
Intangible assets		254.20	273.22
Capital work-in-progress		1,632.98	1,491.10
Non-current investments	13	1,250.00	1,250.00
Long-term loans and advances	14	1,679.47	1,722.53
		<u>17,950.02</u>	<u>16,773.99</u>
<b>(2) Current assets</b>			
Inventories	15	3,178.73	4,128.69
Trade receivables	16	2,206.90	2,001.36
Cash and cash equivalents	17	116.46	109.17
Short-term loans and advances	18	709.08	490.47
Other Current Assets	19	13.80	6.33
		<u>6,224.97</u>	<u>6,736.02</u>
<b>Total</b>		<u>24,174.99</u>	<u>23,510.01</u>
Significant accounting policies	1		
Notes to the Financial Statements	2 to 40		

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 DirectorMumbai : 9<sup>th</sup> May, 2014Mumbai : 9<sup>th</sup> May, 2014

**Statement of Profit and Loss for the year ended 31st March, 2014**

	Notes	For the year ended 31st March, 2014 ₹ in Lacs	For the year ended 31st March, 2013 ₹ in Lacs
<b>Income</b>		<b>15,775.66</b>	16,672.57
Revenue from operations (Gross)		<u>1,630.43</u>	<u>1,725.85</u>
Less : Excise Duty (Note 28)	20	14,145.23	14,946.72
Revenue from operations (net)	21	<u>23.04</u>	24.11
Other Income		<u>14,168.27</u>	<u>14,970.83</u>
<b>Total Revenue</b>			
<b>Expenses</b>			
Cost of materials & Components consumed	35 B	6,448.75	7,280.37
Purchase of Traded Goods		31.87	23.32
(Increase) / Decrease in inventories of finished goods, work-in-progress and Traded Goods	22	695.29	(127.20)
Employee benefit expenses	23	1,791.24	2,137.84
Finance costs	24	401.82	314.92
Depreciation and amortisation expense	12	989.00	856.31
Other expenses	25	3,483.55	3,704.28
<b>Total Expenses</b>		<u>13,841.52</u>	<u>14,189.85</u>
<b>Profit before Exceptional Item and Tax</b>		<b>326.75</b>	780.98
<b>Add: Exceptional Items</b>	29	<u>374.20</u>	—
<b>Profit after Exceptional item and before tax</b>		<b>700.95</b>	780.98
Tax expense:			
Current tax		152.50	157.50
MAT Credit Entitlement		(144.94)	(153.35)
Deferred tax		230.17	246.40
<b>Profit after tax</b>		<u>463.22</u>	<u>530.43</u>
Earning per equity share of face value of ₹ 10 each :			
Basic & Diluted (In ₹)		4.01	4.59
Notes to the Financial Statements	2 to 40		

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 : 9<sup>th</sup> May, 2014Mumbai : 9<sup>th</sup> May, 2014

## Cash Flow Statement

	2013-14 ₹ in Lacs	2012-2013 ₹ in Lacs
<b>A. NET PROFIT BEFORE TAX</b>	700.95	780.98
Adjustment for:		
Depreciation and amortisation	989.00	856.31
Bad Debts written off	4.91	3.73
Provision for Doubtful Debts/claims	23.46	(14.55)
Provision for Leave Encashment	(4.90)	26.13
Profit on sale of fixed Assets (net)	0.00	(8.15)
Loss on Sale of Fixed Assets (net)	16.46	-
Interest and finance charges	401.82	314.92
Interest income	(22.25)	(12.03)
Sundry Balances written back	(3.11)	(1.21)
Excess provision written back	(22.46)	(29.42)
	<u>1,382.92</u>	<u>1,135.73</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	2,083.87	1,916.71
Inventories	949.96	245.80
Trade Receivables	(214.10)	391.92
Loans and Advances	(56.51)	552.40
Trade payables	(95.30)	1,776.48
	584.05	2,966.60
<b>CASH GENERATED FROM OPERATIONS</b>	2,667.92	4,883.31
Direct Taxes (Received)/Paid	165.37	139.73
<b>NET CASH GENERATED FROM OPERATIONS : (A)</b>	2,502.55	4743.58
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(1972.99)	(4,256.48)
Sale of Fixed Assets	4.90	18.93
Interest Received	22.01	12.14
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	(1946.08)	(4225.41)
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Borrowings	1470.89	2,367.71
Repayment of Borrowings	(1280.47)	(1,926.81)
Interest Paid	(401.78)	(314.35)
Dividend Paid	(288.75)	(574.85)
Taxes paid on Distributed Profit	(49.07)	(93.68)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>	(549.18)	(541.99)
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	7.29	(23.82)
<b>CASH &amp; CASH EQUIVALENTS (Opening Balance)</b>	109.17	132.99
<b>CASH &amp; CASH EQUIVALENTS (Closing Balance)</b>	116.46	109.17
	<u>7.29</u>	<u>(23.82)</u>

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 DirectorMumbai : 9<sup>th</sup> May, 2014Mumbai : 9<sup>th</sup> May, 2014

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

The financial statements 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 (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 15/2014 dated 13<sup>th</sup> September 2014, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2014. 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:**

Long term Investments are stated at cost. Provision for diminution, if any, in the value of investments is made to recognise a decline other than temporary. Current Investments are valued at the lower of cost or market value.

**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
- d) Finished Goods } : At lower of cost or net realisable value.
- e) Excise duty payable on finished goods stocks at the end of the year is accounted for and considered for valuation.

**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.

The Company has opted for accounting the exchange differences arising on long term foreign currency monetary items in line with the Companies (Accounting Standards) Amendment Rules, 2009 relating to Accounting Standard 11 notified by the Government of India on 31<sup>st</sup> March, 2009. Accordingly, the effect of exchange on foreign currency loans of the Company is accounted by addition or deduction to the cost of assets so far as it relates to depreciable capital assets.

The Company uses foreign currency forward contracts to hedge its risk associated with fluctuations in foreign currency borrowings. Foreign currency forwards contracts are treated as foreign currency transactions and accounted as per Accounting Standard 11.

**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. In 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, 2014

Note No.	As at 31st March, 2014 ₹ in Lacs	As at 31st March, 2013 ₹ in Lacs
<b>2 Share Capital</b>		
<b>Authorised</b>		
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, 2014	31st March, 2013
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, 2014 is set out below :

Name of the shareholder	31st March, 2014		31st March, 2013	
	No. of shares	% of shares	No. of shares	% of shares
Tricot investments Ltd.	2,843,000	24.61	2,843,000	24.61
Emsons Leasing Company Pvt. Ltd.	982,985	8.51	982,985	8.51
MIPCO Investments Pvt. Ltd.	867,479	7.51	867,479	7.51
Manoway Investments Pvt. Ltd.	728,063	6.30	728,063	6.30
Maple Investments Company Pvt. Ltd.	654,233	5.66	654,233	5.66

## Notes to Financial Statements for the year ended 31st March, 2014

	31st March, 2014 ₹ in Lacs	31st March, 2013 ₹ in Lacs
<b>3 Reserves &amp; Surplus</b>		
Security Premium Account	152.14	152.14
Cash Subsidy Reserve	20.00	20.00
General Reserve		
Opening Balance	9,984.60	9,931.60
Transferred from Statement of Profit and Loss	46.00	53.00
Closing Balance	<u>10,030.60</u>	<u>9,984.60</u>
Surplus in Statement of Profit & Loss		
Opening Balance	841.40	701.79
Add: Net profit after tax for the year	463.22	530.43
Amount available for appropriation	<u>1,304.62</u>	<u>1,232.22</u>
Less :		
Dividend	231.00	288.75
Dividend tax	39.26	49.07
Transfer to general reserve	46.00	53.00
	<u>316.26</u>	<u>390.82</u>
Closing balance	<u>988.36</u>	<u>841.40</u>
	<u>11,191.10</u>	<u>10,998.14</u>
<b>4 Long-Term Borrowings</b>		
Secured		
Term Loans		
From Banks		
IDBI Bank Limited #	—	404.19
State Bank of India ##		
Term Loan I	2,141.25	2,209.20
Term Loan II	476.27	—
From Finance Company		
Tata Capital Financial Services Limited ###	1,069.10	—
	<u>3,686.62</u>	<u>2,613.39</u>

# Secured by first and exclusive hypothecation charge over plant & machinery purchased under the finance and first charge on other plant & machinery and second charge on current assets of the Company on pari passu basis. The balance of loan being current maturity included under note 10 is payable in June 14.

## Notes to Financial Statements for the year ended 31st March, 2014

	31st March, 2014 ₹ in Lacs	31st March, 2013 ₹ in Lacs
##	Term Loan 1: Secured by first and exclusive hypothecation charge over plant & machinery purchased under the finance and pari passu second charge over existing plant & machinery. Loan availed is ₹ 3450.00 lacs against sanctioned amount of ₹ 5000.00 lacs. The loan is repayable in 20 equal quarterly instalments of Rs. 173.00 lacs each from January, 2013 to October, 2017.	
	Term Loan 2: Secured by first and exclusive hypothecation charge over plant & machinery purchased under the finance and pari passu first charge over unencumbered plant & machinery. Loan availed is ₹ 522.00 lacs against sanctioned amount of ₹ 1875.00 lacs. The loan is repayable in 20 equal quarterly instalments.	
###	Secured by first and exclusive charge on Land and Building and entire moveable fixed assets including Plant & Machinery at Dehradun. Repayable in 20 quarterly instalments from January, 2015	
<b>5</b>	<b>Deferred Tax Liabilities (Net)</b>	
	Deferred Tax Liabilities :	
	Difference between Book & Tax Depreciation	1,234.79
		1,131.49
	Deferred Tax Assets :	
	Expenses allowable for Tax purpose when paid	21.99
	Provision for Doubtful Debts	46.46
	Provision for Leave Encashment	40.63
	Unabsorbed Depreciation / Business Loss	—
		108.45
		109.08
		235.94
	Net Deferred Tax Liability	1,125.71
<b>6</b>	<b>Other Long-Term Liabilities</b>	
	Retention money of Contractors	40.27
	Payable for Technical Knowhow / support	—
	Deposit from Customers	66.12
	Other Payables	392.22
		498.61
		167.35
<b>7</b>	<b>Long-Term Provisions</b>	
	Provision for Employment Benefit	125.23
	Leave Encashment	125.23
		130.13
		130.13

## Notes to Financial Statements for the year ended 31st March, 2014

	31st March, 2014 ₹ in Lacs	31st March, 2013 ₹ in Lacs
<b>8 Short-Term Borrowings</b>		
<b>Secured</b>		
<b>Loan Repayable on Demand</b>		
Cash Credit from Banks	1,805.31	2,185.34
<b>Unsecured</b>		
Deposit from related parties	391.83	316.00
	<u>2,197.14</u>	<u>2,501.34</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.		
<b>9 Trade Payables</b>		
Trade Payables	1,765.45	1,593.00
	<u>1,765.45</u>	<u>1,593.00</u>
Refer Note no.30 for amounts due to micro, small and medium enterprises		
<b>10 Other Current Liabilities</b>		
Current maturities of Long-Term Debt	1,002.52	1,665.46
Interest accrued but not due on loans	8.47	14.09
Interest accrued and due on loans	5.65	-
Unpaid Dividend	38.26	39.23
Creditor for Capital Expenditure	192.22	88.72
Payable for expenses	626.98	921.09
Statutory Liabilities	158.29	223.23
Employee benefits payable	44.17	52.00
Other Payable	37.12	-
	<u>2,113.68</u>	<u>3,003.82</u>
Other payables pertains to liability towards forward contract for hedging ₹ 37.12 Lacs (net)		
<b>11 Short-Term Provisions</b>		
Gratuity	-	56.56
Proposed Dividend	231.00	288.75
Tax on Proposed Dividend	39.26	49.07
Income Tax (Net of Payments)	46.19	57.91
	<u>316.45</u>	<u>452.29</u>

## Notes to Financial Statements for the year ended 31st March, 2014

## 12 FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 1st April 2013	Additions	Deductions	As at 31st March 2014	Up to 31st March 2013	Adjustment on account of sale	For the year	Up to 31st March 2014	As at 31st March 2014	As at 31st March 2013
Tangible Assets										
Land										
Free Hold Land	255.84	–	–	255.84	–	–	–	–	255.84	255.84
	(255.84)	–	–	(255.84)	–	–	–	–	(255.84)	(255.84)
Lease Hold Land	286.17	–	–	286.17	29.30	–	3.74	33.04	253.13	256.87
	(286.17)	–	–	(286.17)	(25.56)	–	(3.74)	(29.30)	(256.87)	(260.61)
Buildings	1,713.38	1,299.70	–	3,013.08	326.91	–	62.42	389.33	2,623.75	1,386.48
	(1,307.25)	(406.13)	–	(1,713.38)	(281.42)	–	(45.48)	(326.91)	(1,386.48)	(1,025.82)
Plant and Machinery	17,834.24	532.26	2.41	18,364.09	8,877.08	2.29	736.36	9,611.15	8,752.94	8,957.15
	(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	1,125.88	12.23	172.72	965.39	703.15	158.70	50.84	595.28	370.11	422.72
	(1,070.90)	(55.49)	(0.51)	(1,125.88)	(653.35)	(0.37)	(50.17)	(703.15)	(422.72)	(417.55)
Electrical Installations	695.27	182.04	19.49	857.82	277.22	17.29	32.49	292.42	565.40	418.05
	(557.83)	(137.44)	–	(695.27)	(250.97)	–	(26.25)	(277.22)	(418.05)	(306.86)
Office Equipments	97.41	10.83	0.76	107.48	13.31	0.21	5.06	18.16	89.30	84.10
	(74.30)	(23.11)	–	(97.41)	(9.21)	–	(4.10)	(13.31)	(84.10)	(65.09)
Furniture & Fixtures	192.74	10.09	–	202.83	105.91	–	10.36	116.28	86.55	86.83
	(186.45)	(6.29)	–	(192.74)	(95.70)	–	(10.21)	(105.91)	(86.83)	(90.75)
Vehicles	308.85	–	14.75	294.10	139.75	10.27	28.28	157.75	136.35	169.10
	(303.24)	(14.69)	(9.08)	(308.85)	(114.38)	(3.52)	(28.89)	(139.75)	(169.10)	(188.86)
Intangible Assets (Acquired)										
Computer Software	268.84	29.16	–	298.00	200.18	–	31.82	232.01	66.01	68.66
	(217.84)	(51.00)	–	(268.84)	(176.61)	–	(23.58)	(200.18)	(68.66)	(41.24)
Technical Knowhow	255.92	11.26	–	267.18	51.36	–	27.63	78.99	188.19	204.56
	(244.12)	(11.80)	–	(255.92)	(26.13)	–	(25.23)	(51.36)	(204.56)	(218.00)
Total	23,034.54	2,087.57	210.13	24,911.98	10,724.17	188.76	989.00	11,524.41	13,387.57	12,310.36
(Previous Year)	(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)

Additions include exchange difference adjusted in terms of Companies (Accounting Standard) Amendment Rules, 2009 on Accounting Standard 11 notified by Government of India on 31.03.2009 as under:

	As at March, 2014	As at March, 2013
	₹ In Lacs	₹ In Lacs
Plant & Machinery	328.32	94.46
Technical Knowhow	11.26	7.42
<b>Total</b>	<b>339.58</b>	<b>101.88</b>

## Notes to Financial Statements for the year ended 31st March, 2014

	31st March, 2014 ₹ in Lacs	31st March, 2013 ₹ in Lacs
<b>13 Non-Current Investments</b>		
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>
<b>14 Long-Term Loans and Advances</b>		
Unsecured, Considered Good :		
Capital Advances	1,177.79	1,206.86
Security Deposits	137.65	133.33
Loans to employees	1.26	6.78
Prepaid Expenses	4.01	2.75
Other loans & advances	7.73	6.20
Claim receivable	-	16.72
Considered doubtful	40.44	23.72
Less: Provision for doubtful claims	(40.44)	(23.72)
Income Tax (Net of provision)	351.03	349.89
	<u>1,679.47</u>	<u>1,722.53</u>
<b>15 Inventories</b>		
At lower of cost or net realisable value:		
Raw Materials	855.25	1,110.13
Work-in-Progress	611.58	904.37
Finished Goods	1,478.68	1,889.33
Traded Goods	20.31	12.16
Stores & Spares	209.58	208.43
Loose Tools	3.33	4.27
	<u>3,178.73</u>	<u>4,128.69</u>
<b>16 Trade Recievables</b>		
Over six months from the date they were due for payment		
Unsecured :		
Considered Good	9.55	4.86
Considered Doubtful	102.75	96.01
Others :		
Considered Good :	2,197.35	1,996.50
	<u>2,309.65</u>	<u>2,097.37</u>
Less: Provision for doubtful receivables	(102.75)	(96.01)
	<u>2,206.90</u>	<u>2,001.36</u>

## Notes to Financial Statements for the year ended 31st March, 2014

	31st March, 2014 ₹ in Lacs	31st March, 2013 ₹ in Lacs
<b>17 Cash and Cash Equivalents</b>		
Cash-on-Hand	1.48	0.64
Balance with Banks :		
On Current accounts	11.67	7.93
In unpaid dividend account	38.26	39.23
Other Bank Balances (Held as Margin for Letter of Credit & Guarantees)	65.05	61.37
	<u>116.46</u>	<u>109.17</u>
<b>18 Short-Term Loans and Advances</b>		
Unsecured, considered good		
Loans to employees	5.52	5.58
MAT Credit Entitlement	298.29	153.35
Other Loans & Advances		
Receivable #	248.03	272.08
Prepaid expenses	34.93	39.21
Other advances	122.31	20.25
	<u>709.08</u>	<u>490.47</u>
# Relates to various input credits availed and balances with Central Excise		
<b>19 Other Current Assets</b>		
Interest Receivable on fixed deposits with banks	2.92	2.68
Income receivable (Power generation)	10.88	3.65
	<u>13.80</u>	<u>6.33</u>
<b>20 Revenue from Operations</b>		
Sale of Products		
Sale of Finished Goods	15,558.97	16,443.58
Sale of Traded Goods	25.53	30.14
	<u>15,584.50</u>	<u>16,473.72</u>
Other Operating Revenue	191.16	198.85
Revenue from Operation (gross)	15,775.66	16,672.57
Less : Excise Duty (Note 28)	1,630.43	1,725.85
Revenue from Operation (net)	<u>14,145.23</u>	<u>14,946.72</u>
<b>21 Other Income</b>		
Interest received	22.25	12.02
Profit on Fixed Assets Sold / Scrapped (Net)	-	8.15
Foreign Exchange Gain / (Loss)	0.79	3.94
	<u>23.04</u>	<u>24.11</u>

## Notes to Financial Statements for the year ended 31st March, 2014

	31st March, 2014 ₹ in Lacs	31st March, 2013 ₹ in Lacs
<b>22 (Increase) / Decrease in Inventories</b>		
Closing stock		
Finished Goods	1,478.68	1,889.32
Traded Goods	20.31	12.16
Work-in-Progress	611.58	904.37
	<u>2,110.57</u>	<u>2,805.86</u>
Opening 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>
	<u>695.29</u>	<u>(127.20)</u>
<b>23 Employee Benefit Expenses</b>		
Salary, Wages and Bonus	1,719.31	1,917.19
Contribution to Provident & Other Funds	103.58	108.91
Gratuity Fund	(95.92)	56.56
Staff Welfare Expenses	64.27	55.18
	<u>1,791.24</u>	<u>2,137.84</u>
<b>24 Finance Costs</b>		
Interest	369.18	288.04
Other borrowing costs	32.64	26.88
	<u>401.82</u>	<u>314.92</u>



**Notes to Financial Statements for the year ended 31st March, 2014**

		31st March, 2014 ₹ in Lacs	31st March, 2013 ₹ in Lacs
<b>25</b>	<b>Other Expenses</b>		
	Stores and Spares consumed (Note 35- C)	893.29	947.83
	Power and Fuel	558.18	557.90
	Processing and Other Charges	469.15	478.16
	Repairs:		
	Building	24.46	65.54
	Machinery	82.62	94.49
	Others	80.61	78.05
		<b>187.69</b>	<b>238.08</b>
	Rent	19.41	20.63
	Rates and Taxes	34.67	34.21
	Insurance	30.39	29.59
	Communication Charges	24.38	23.14
	Travelling Expenses	113.89	155.93
	Legal & Professional Expenses	41.81	44.64
	Remuneration to Auditors:		
	Audit fees	3.00	3.00
	For Tax Audit	0.75	0.75
	For Certification/Other Matters	1.35	1.30
	For Expenses	0.01	0.06
		<b>5.11</b>	<b>5.11</b>
	Cost audit fees	0.53	0.48
	License & Technical Assistance fees	48.42	50.45
	Commission & Discount	456.56	467.93
	Carriage Outward	202.08	202.41
	Loss on Fixed Assets sold / scrapped (Net)	16.46	-
	Provision for Doubtful Debts/Claims	23.46	-
	Bad Debts / Claims written off	4.91	3.73
	Directors' Fees	2.90	2.75
	Excise Duty (Note 28)	(57.87)	33.70
	Other Expenses	408.13	407.60
		<b>3,483.55</b>	<b>3,704.28</b>

## Notes to Financial Statements for the year ended 31st March, 2014

	2013-2014 ₹ in Lacs	2012-2013 ₹ in Lacs
<b>26</b> 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
(ii) Excise Duty demand disputed	<b>54.12</b>	51.78
(iii) Income tax/Fringe Benefit Tax demand contested in appeal	<b>97.54</b>	145.70
(iv) Sales tax demand disputed	<b>16.11</b>	50.88
(v) Claims against the Company not acknowledged as debt (including share of jointly controlled entity NSK-ABC Bearings Ltd. ₹ 6.35 lacs previous year ₹ 5.07 lacs)	<b>39.95</b>	32.75
<b>27</b> Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>4449.13</b>	8475.44

**28** 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.

**29** Exceptional items pertains to difference of remuneration of managerial personnel provided in Financial Years 2011-12 and 2012-13 in terms of their appointment and approval of General Body and remuneration reworked in terms of Central Government approval received and voluntary reduction considered thereto resulting in the write back of excess provision of ₹ 374.20 lacs.

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

As on 31-03-2014, the Company owes a sum of ₹ 560.80 Lacs (Previous Year ₹ 589.48 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. No interest is payable on the above outstanding.

### **31 Employee benefits**

#### **1. Defined contribution plans**

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

	2013-2014 ₹ in Lacs	2012-2013 ₹ in Lacs
Employer's Contribution to Provident Fund	<b>82.02</b>	87.89
Employer's Contribution to Employees' State Insurance	<b>21.56</b>	21.02
Included in Contribution to Provident Fund and other funds (Note 23)	<b>103.58</b>	108.91

## Notes to Financial Statements for the year ended 31st March, 2014

	2013-2014 ₹ in Lacs	2012-2013 ₹ in Lacs
<b>2. Defined Benefit Plans</b>		
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.		
<b>A) Changes in the Present Value of Obligation</b>		
Present value of Obligation as at April 1, 2013	740.72	639.32
Interest Cost	59.50	52.38
Current Service Cost	33.82	37.02
Past Service cost	–	–
Benefits Paid	(12.34)	(8.91)
Actuarial (gain)/loss on obligations	(120.83)	20.91
Present value of Obligation as at March, 31 2014	700.87	740.72
<b>B) Changes in the Fair Value of Plan Assets</b>		
(For Funded Scheme)		
Present value of Plan Assets as at April 1, 2013	684.16	486.98
Expected Return on Plan Assets	63.56	47.49
Actuarial Gains / (Losses)	4.85	6.26
Net Contributions by Employer	56.56	152.34
Benefits Paid	(12.34)	(8.91)
Fair Value of plan Assets as at March 31,2014	796.79	684.16
<b>C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets</b>		
Present Value of funded Obligation as at March ,31 2013	700.87	740.72
Present Value of Plan Assets as at the end of the year	796.79	684.16
Unfunded Liability / (Net Asset) Recognised in Balance Sheet	(95.92)	56.56
<b>D) Amount recognised in the Balance Sheet</b>		
Unfunded Liability / (Net Asset)	(95.92)	56.56
Contribution During the Year	–	–
Liability/(Asset) recognised in the Balance Sheet	(95.92)	56.56
included in Short Term Loans & Advance (Note 18)	(95.92)	56.56
<b>E) Expenses recognised in the Statement of Profit and Loss</b>		
Current Service Cost	33.82	37.02
Interest Cost	59.50	52.38
Expected Return on Plan Assets	(63.56)	(47.49)
Settlement Cost/(Credit)	–	–
Past Service Cost	–	–
Net actuarial (gain)/loss recognised in the period	(125.68)	14.65
Total (gain)/expenses recognised in the Profit and Loss Account (Note 23)	(95.92)	56.56

## Notes to Financial Statements for the year ended 31st March, 2014

### F) Principal Actuarial Assumptions used

Report as at	31.03.2014	31.03.2013
Discount Rates	9.10%	8.10%
Expected rate of Return	9.00%	8.50%
Expected salary increases	6.00%	6.00%
Mortality Assumption	Indian Assured Lives Mortality (2006-08) Ult.	LIC (1994-96) mortality Tables
Withdrawal Rates	3% at all ages	5% 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	31.03.2014	31.03.2013
Government of India Securities	30%	38%
High quality Corporate Bonds	44%	57%
Bank Balance and Fixed Deposits	26%	5%
Total	100%	100%

**32** 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.

**33** Related party disclosure as required by Accounting Standard - 18 :

#### A Related Parties :

Enterprises over which Key Management personnel have significant influence	Key management Personnel :	Relatives of Key management Personnel
Manoway Investments Pvt. Ltd.	S. M. Patel	Meena S. Patel
Mipco Investments Pvt. Ltd.	P. M. Patel	Simki S. Patel
Maple Investments Co. Pvt. Ltd.	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.		

#### Joint Venture Company

NSK - ABC Bearings Limited		
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**Notes to Financial Statements for the year ended 31st March, 2014****B Related Party Transactions :**

<b>Transactions</b>	<b>Associate Companies</b>	<b>2013-2014 ₹ in Lacs</b>	<b>2012-2013 ₹ in Lacs</b>
Fixed Deposit Interest	Meena S. Patel	16.50	14.61
	Simki S. Patel	11.87	10.50
	S. M. Patel H.U.F	18.57	16.46
	S. S. Patel H.U.F	4.82	12.16
Remuneration	<b>Executive Directors</b>		
	P. M. Patel	<b>138.32</b>	226.50
	T. M. Patel	<b>132.00</b>	190.67
	S. M. Patel	<b>138.35</b>	243.37

**C Outstanding Balances as at 31.03.2014****Key Management Personnel & Relatives**

Deposits	Meena S. Patel	<b>124.74</b>	111.00
	Simki S. Patel	<b>89.78</b>	80.00
	S. M. Patel H.U.F	<b>140.45</b>	125.00
	S.S. Patel H.U.F	<b>36.86</b>	—

**D** There are no write offs or write back of any amounts for any of the above related parties.**34 Opening and Closing Stock of goods manufactured during the year :-**

<b>Class of goods manufactured</b>		<b>Opening Stock ₹ in Lacs</b>	<b>Closing Stock ₹ in Lacs</b>
Ball & Roller and Slewing Bearings	2013-2014	1,852.69	1,471.59
	2012-2013	1,797.31	1,852.69
Components	2013-2014	36.64	7.09
	2012-2013	35.62	36.64

## Notes to Financial Statements for the year ended 31st March, 2014

35 (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	2013-2014	15,467.60
	2012-2013	16,197.54
Components	2013-2014	91.37
	2012-2013	246.04
Traded Goods (Grease)	2013-2014	25.53
	2012-2013	30.14
Total	2013-2014	15,584.50
	2012-2013	16,473.72

	2013-2014 ₹ in Lacs	2012-2013 ₹ in Lacs
(B) Raw Materials and Components consumed :		
(i) Steel	<b>2,400.08</b>	2,650.15
(ii) Rolled/Forged Rings	<b>1,839.87</b>	2,257.03
(iii) Bought-out Components (Rollers & Cages)	<b>2,208.80</b>	2,373.19
	<b>6,448.75</b>	<b>7,280.37</b>

(C) Percentage of Consumption :	% of total consumption		2013-2014 ₹ in Lacs	2012-2013 ₹ in Lacs
	2013-2014	2012-2013		
(i) Raw Materials and Components:				
Imported ( at landed cost)	<b>0.63</b>	2.40	40.56	174.75
Indigenous	<b>99.37</b>	97.60	6,408.19	7,105.62
	<b>100.00</b>	100.00	6,448.75	7,280.37
(ii) Stores and Spares :				
Imported (at landed cost)	<b>1.15</b>	0.19	10.31	1.77
Indigenous	<b>98.85</b>	99.81	882.98	946.06
	<b>100.00</b>	100.00	893.29	947.83

**Notes to Financial Statements for the year ended 31st March, 2014**

	<b>2013-2014</b> ₹ in Lacs	2012-2013 ₹ in Lacs
<b>36</b> CIF Value of Imports:		
Raw Materials	<b>21.03</b>	205.70
Stores and Spares	<b>6.17</b>	24.23
Capital Goods	<b>746.39</b>	2,241.53
<b>37</b> Earnings in Foreign Exchange :		
F.O.B. Value of Exports	<b>361.95</b>	213.52
<b>38</b> Expenditure in Foreign Currency: (on mercantile basis)		
Interest and Finance charges	<b>32.87</b>	62.32
Travelling Expenses	<b>5.49</b>	29.66
Technical service/ assistance fees	<b>47.79</b>	50.45
Others	<b>0.87</b>	1.55
<b>39</b> Remittance in foreign currency on account of dividend to non-resident shareholders:		
Number of shareholders	<b>1</b>	1
Number of shares held	<b>2843000</b>	2843000
Amount remitted	<b>71.07</b>	142.15
Year to which dividend relates	<b>2012-2013</b>	2011-2012
<b>40</b> 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

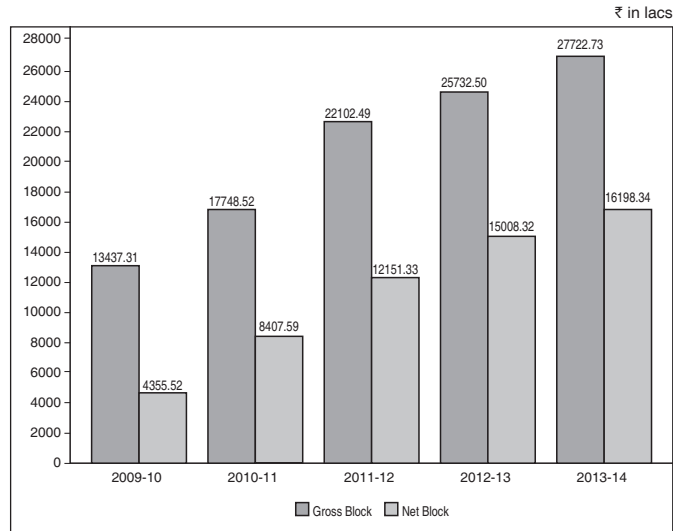
For and on behalf of the Board

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

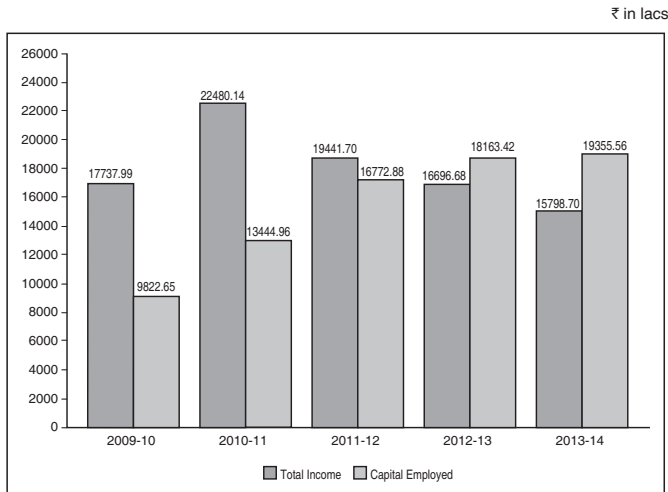
Mumbai : 9th May, 2014

Mumbai : 9th May, 2014

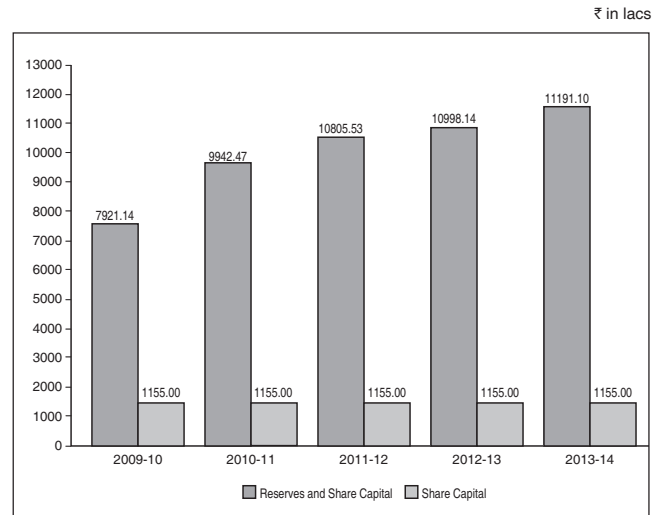
**GROSS BLOCK & NET BLOCK**



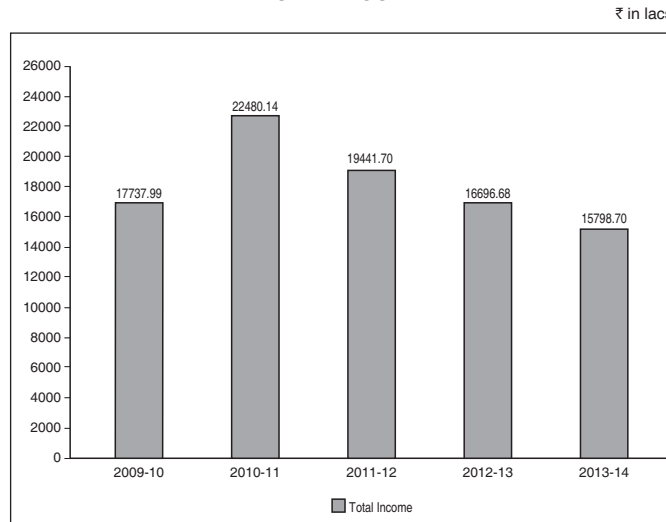
**TOTAL INCOME AND CAPITAL EMPLOYED**



**RESERVES AND SHARE CAPITAL**



**TOTAL INCOME**





**ABC**

**ABC BEARINGS LIMITED**  
**(CIN: L29130MH1961PLC012028)**

**Registered Office: 402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai 400 018.**  
**Ph No.: 022-2496 4500, Fax: 022-2495 0527, E-Mail: regdoff@abcbearings.com,**  
**Website: www.abcbearings.com**

**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-THIRD ANNUAL GENERAL MEETING of the Company held on Thursday, the 17th July, 2014 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)

**ABC**

**ABC BEARINGS LIMITED**  
**(CIN: L29130MH1961PLC012028)**

**Registered Office: 402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai 400 018.**  
**Ph No.: 022-2496 4500, Fax: 022-2495 0527, E-Mail: regdoff@abcbearings.com, Website: www.abcbearings.com**

**PROXY FORM**

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member(s): _____
Registered Address: _____
E-mail ID: _____
Folio/ DP ID - Client ID No.: _____

I/We being the member(s) of \_\_\_\_\_ shares of ABC Bearings Limited hereby appoint:

- (1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him/her
- (2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him/her
- (3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 53rd Annual General Meeting of the Company, to be held on Thursday, July 17, 2014 at 4.30 p.m. at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below:



Reso- lution No.	Resolution	Optional*	
		For	Against
<b>Ordinary Business:</b>			
1.	Adoption of Audited Financial Statements for the year ended March 31, 2014.		
2.	Approval of dividend of ₹ 2/- per equity share for 2013-2014 .		
3.	Re-appointment of Mr. S.M. Patel, who retires by rotation.		
4.	Appointment of M/s. Parikh & Shah, Chartered Accountant, as Auditors and fixing their remuneration.		
<b>Special Business:</b>			
5.	Appointment of Mr. Jal R. Patel as an Independent Director for a period of five consecutive years for a term upto 31 <sup>st</sup> March, 2019.		
6.	Appointment of Mr. Shishir K. Diwanji as an independent Director for a period of five consecutive years for a term upto 31 <sup>st</sup> March, 2019.		
7.	Appointment of Mr. S.M. Patel as Executive Chairman for a period of three consecutive years from 2 <sup>nd</sup> May, 2014.		
8.	Appointment of Mr. P.M. Patel, Managing Director for a period of three consecutive years from 1 <sup>st</sup> August, 2014.		
9.	Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing money for the purpose of business of the Company up to ₹ 500 crores (Rupee Five Hundred crores only) at any one time.		
10.	Ratification of remuneration payable to B.J.D. Nanabhoy & Co., Cost Auditors for the year ending 31 <sup>st</sup> March, 2015.		

**Note:** Notwithstanding the above, the Proxies can vote on such other items which may be tabled at the meeting by the members present.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of shareholder \_\_\_\_\_

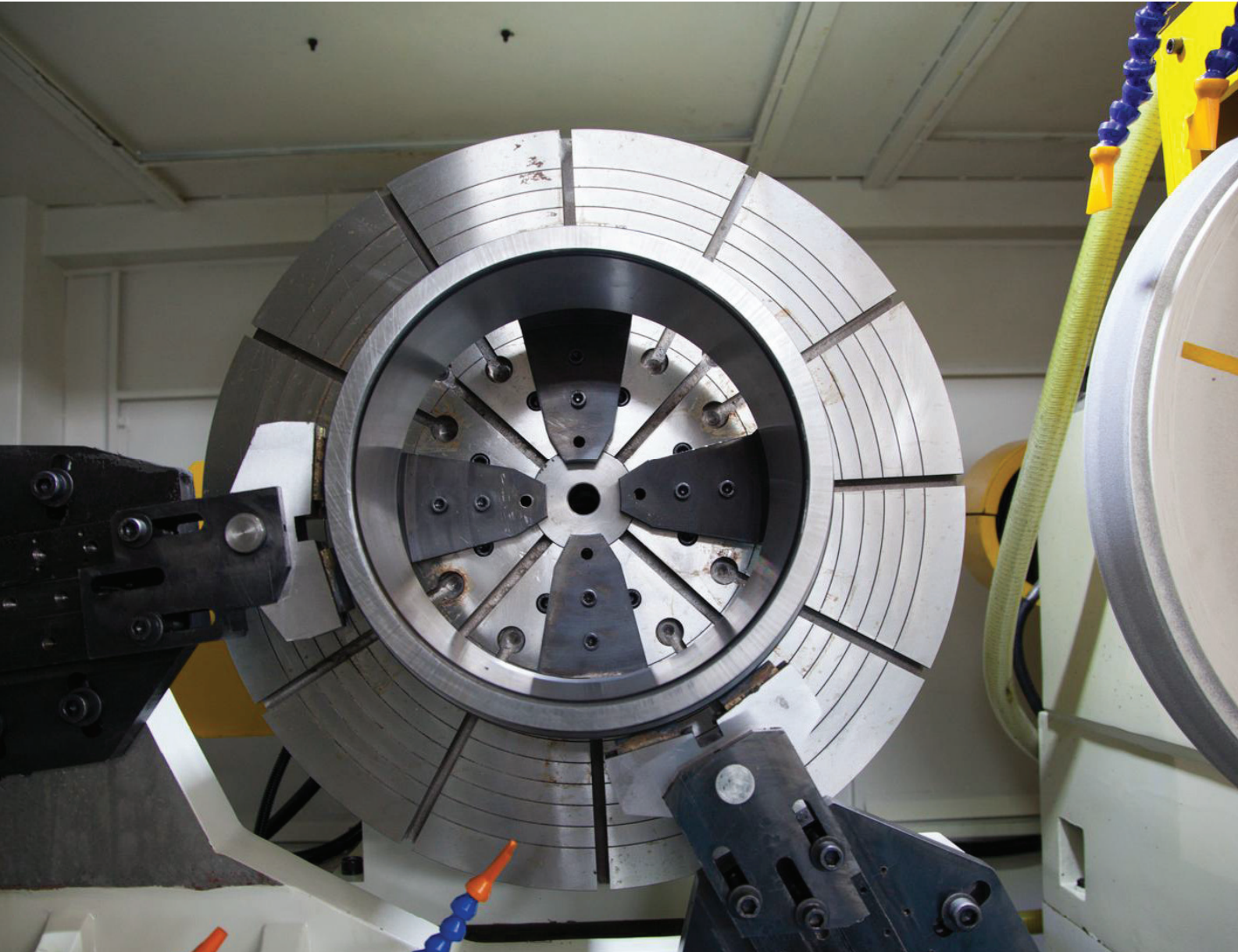
Signature of Proxy holder(s) \_\_\_\_\_

Please affix ₹1/- Revenue Stamp
--

**Notes:**

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- A Proxy need not be a member of the Company.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 53<sup>rd</sup> Annual General Meeting.
- \*5. It is optional to put an 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Please complete all details including details of member(s) in above box before submission.

**ABC**



Manufacture of Large Diameter Bearing

# ABC

If undelivered, please return to:

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

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

# ABC Bearings Limited

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

**CIN: L29130MH1981PLC012028**

# ABC

Phone : +91 22 2496 4500

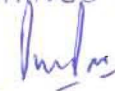
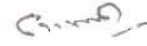
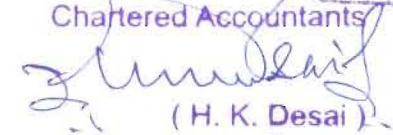

Fax : +91 22 2495 0527

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	31-03-2014
3	Type of Audit Observation	Unqualified
4	Frequency of Observation	Nil
5	Signed by	<i>For ABC BEARINGS LIMITED</i>  Managing Director
	Whome-time Director	<b>For ABC Bearings Limited</b> 
	CFO	<b>S. K. Choudhary</b> Chief Finance Officer FOR PARIKH & SHAH Chartered Accountants
	Auditor of the Company	 (H. K. Desai) Partner Membership No. 13719
	Audit Committee Chairman	

PLANT

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