

ABC

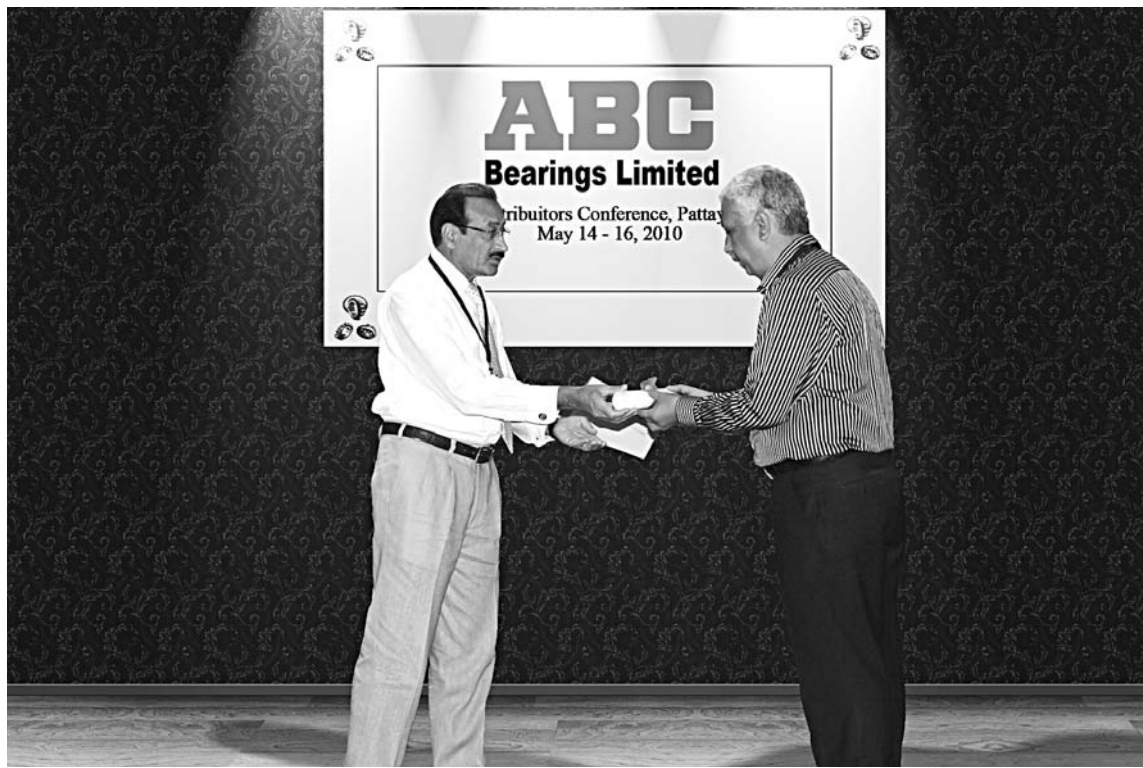
ABC Bearings Limited

49

**Annual Report
2009-2010**



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



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

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

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NOTICE

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

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

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

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

NOTES:

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

6. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories/members for depositing dividend or payment through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available, for distribution of dividend.
7. Members seeking any information with regard to Accounts are requested to write to the Company at least 10 days in advance so as to enable the Company to keep the information ready.
8. Members are requested to send all future correspondence in respect of their change of address, transfer of shares or any other query, directly to the Share Transfer Agents at the following address: -

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

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

9. Members are requested to quote their Folio/DP ID Number(s) in all correspondence with the Company's Share Transfer Agents.
10. Members/Proxy should bring the attendance slip duly filled-in for attending the meeting.
11. Members are requested to bring their copy of Annual Report to the Meeting.

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

Date: 4th May, 2010.

By Order of the Board of Directors

S.B. Desai
Company Secretary

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

Item No.6:

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

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

Registered Office:

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

Date: 4th May, 2010.

By Order of the Board of Directors

S.B. Desai
Company Secretary

DIRECTORS' REPORT

To the Members,

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

FINANCIAL RESULTS:

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

OPERATIONS:

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

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

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

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

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

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

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

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

DIVIDEND:

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

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

COLLABORATION:

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

JOINT VENTURE COMPANY:

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

QUALITY CERTIFICATIONS:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

DIRECTORS:

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

CORPORATE GOVERNANCE:

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

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

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

AUDITORS:

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

COST AUDITORS:

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

PARTICULARS RELATING TO EMPLOYEES:

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

ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Place: Mumbai
Date: 4th May, 2010.

S. M. PATEL
Chairman

ANNEXURE TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY:

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

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

B. TECHNOLOGY ABSORPTION:

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings : Rs.147.72 lacs

Outgo : Rs.144.34 lacs.

For and on behalf of the Board

Place: Mumbai
Date: 4th May, 2010.

S. M. PATEL
Chairman

10 YEARS' HIGHLIGHTS

Rupees in lacs

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