

ABC

ABC Bearings Limited

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**Annual Report
2011-2012**

ABC



Industrial Bearings Plant, Bharuch

BOARD OF DIRECTORS	S.M. Patel - Chairman P.M. Patel - Managing Director T.M. Patel - Executive Director C.U. Shah Y.H. Malegam S.K. Diwanji Jal R. Patel
COMPANY SECRETARY	S.B. Desai
AUDITORS	Parikh & Shah Chartered Accountants
COST AUDITORS	B.J.D Nanabhoy & Co. Cost Accountants
SOLICITORS	Desai & Diwanji Advocates & Solicitors
BANKERS	IDBI Bank Ltd. State Bank of India
REGISTERED OFFICE	402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai-400 018. Phone: 022-24964500/24964501/66608851 Fax : 022-24950527 E-mail: regdoff@abcbearings.com
REGISTRARS & TRANSFER AGENTS	Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072. Tel.: 022-28470652/28470653/40430200 Fax: 022-28475207 E-mail: marketing@bigshareonline.com
WORKS	1 GIDC Industrial Estate, Bharuch - 392 015, Gujarat State. Phone: 02642 - 248222/3/4, 246353 Fax: 02642 - 247591 E-mail: 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 Fifty-first Annual General Meeting of the Members of **ABC Bearings Limited** will be held on **Friday, the 3rd August, 2012 at 4.30 p.m.** at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 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. C.U. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jal R. Patel, 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 modifications, the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the appointment of Mr. T.M. Patel as the Executive Director of the Company for a period of five years with effect from 1st April, 2012, on the terms and conditions including remuneration as set out in the draft Agreement to be entered into between the Company and Mr. T.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 XIII and other applicable provisions, if any, of the Companies Act, 1956 and the approval of Central Government, if necessary, in the event of inadequacy or absence of profits, Mr. T.M. Patel, be paid the remuneration as set out in the Draft Agreement to be entered into between the Company and Mr. T.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. T.M. Patel, subject to such approval as may be necessary, proper and expedient and to do any act, deeds, matters and things to give effect to this Resolution.”
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the existing Objects Clause III of Memorandum of Association of the Company be altered by adding the following new Clause 36.

(36) To acquire, amalgamate, absorb, merge or enter into any partnerships, joint ventures or undertake any business or any scheme of arrangement or restructuring with the creditors or shareholders of the Company.”
8. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

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

“RESOLVED FURTHER THAT subject to the provisions of Section 198 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and the approval of Central Government, if necessary, in the event of inadequacy or absence of profits, Mr. S.M. Patel, be paid the remuneration as set out in the Agreement 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.”

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. 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 27th July, 2012 to Friday, the 3rd August, 2012 (both days inclusive).
4. Pursuant to Section 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

The tentative dates for transfer to IEPF of the dividend remaining unclaimed/unpaid since 2004-05 are provided hereunder:

Financial Year	Rate (%)	Date of declaration of Dividend	Tentative dates for transfer to IEPF
2004-05	30%	19.07.2005	24.08.2012
2005-06	40%	10.08.2006	15.09.2013
2006-07	40%	24.07.2007	29.08.2014
2007-08	40%	16.07.2008	21.08.2015
2008-09	20%	21.07.2009	26.08.2016
2009-10	45%	06.08.2010	11.09.2017
2010-11	60%	29.07.2011	03.09.2018

Those members, who have not encashed the dividend warrant/s for the above years, are requested to make their claim forthwith to the Registered Office of the Company/Registrar & Share Transfer Agent. It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie in respect thereof with the Company.

5. As per SEBI's Notification dated 16th February, 2000, the equity shares of the Company have been compulsorily dematerialised and sale/purchase of the same is required to take place in dematerialised form only. You are advised to get your shares dematerialised through NSDL or CDSL. They have allotted ISIN Number INE 779A01011. Members are requested in their interest, to please return the physical certificates through their Depository Participants (DP).
6. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories/members for depositing dividend or payment through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available, for distribution of dividend.
7. Members seeking any information with regard to Accounts are requested to write to the Company at least 10 days in advance so as to enable the Company to keep the information ready.
8. Members are requested to register their e-mail address with the Share Transfer Agents for sending notice/documents through e-mail.
9. Members are requested to send all future correspondence in respect of their change of address, transfer of shares or any other query, directly to the Share Transfer Agents at the following address: -

Bigshare Services Pvt. Ltd.	Tel.: 022-28470652 28470653/40430200
E-2, Ansa Industrial Estate,	Fax: 022-28475207
Sakivihar Road, Saki Naka,	E-mail: marketing@bigshareonline.com
Andheri (E), Mumbai-400 072.	Website: www.bigshareonline.com
10. Members are requested to quote their Folio/DP ID Number(s) in all correspondence with the Company's Share Transfer Agents.
11. Members/Proxies should bring the attendance slip duly filled-in for attending the meeting.
12. Members are requested to bring their copy of Annual Report to the Meeting.

By Order of the Board of Directors

Registered Office:
402-B, Poonam Chambers,
Dr. Annie Besant Road,
Worli, Mumbai – 400 018.
Date: 11th May, 2012.

S.B. Desai
Company Secretary

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

Item No.6:

The shareholders at the Annual General Meeting held on 21st July, 2009 approved the appointment of and payment of remuneration to Mr. T. M. Patel, Executive Director from 01/04/2009 to 31/03/2012. As recommended by the Remuneration Committee, the Directors have at their meeting held on 27th January, 2012, re-appointed Mr. T.M. Patel as Executive Director for a further period of 5 years with effect from 1st April, 2012, on the terms and conditions including the remuneration as set out in the draft agreement, which are as under:

A. Salary

Mr. T.M. Patel shall be paid by way of monthly basic salary a sum of Rs.14,00,000/- with effect from 1st April, 2012 with 20% annual increment.

B. Commission

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

C. Perquisites & Allowances:

In addition to salary, Mr. T.M. Patel shall be entitled to the following perquisites and benefits:

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

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

D. Retirement Benefits:

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

E. Minimum Remuneration:

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

F. Retirement by Rotation:

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

G. Sitting Fees:

Mr. T.M. Patel 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. T.M. Patel under the provisions of Section 302(2) of the Companies Act, 1956.

None of the Directors of the Company is, in any way, deemed to be concerned or interested in the aforesaid resolution except Mr. T.M. Patel himself, Mr. S.M. Patel and Mr. P.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. T.M. Patel is available for inspection by the members of the Company at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days, except Saturdays till the date of the Annual General Meeting.

Item No. 7

The Board of Directors is exploring opportunities of alternative business proposals other than principal business activity of bearings. The Board feels that other business activities can be carried on more effectively and efficiently along with the principal business activity and the same will be in the interest of the Company. The Board of Directors seek your approval to enable them to explore such business proposals and to do such other acts/deeds as may necessary for the same. Since the existing Objects Clause of Memorandum of Association does not contain specific clause for such type of scheme of arrangement/restructuring of business activities, Special Resolution is proposed pursuant to the provisions of Section 17 of the Companies Act, 1956.

The Board recommends the resolution for approval of the members.

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

Copy of Memorandum of Association of the Company 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

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

A. Salary

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

B. Commission

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

C. Perquisites & Allowances:

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

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

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

D. Retirement Benefits

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

E. Minimum Remuneration:

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

F. Retirement by Rotation:

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

G. Sitting Fees:

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

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

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

The Agreement, referred to above, 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.

The appointment and payment of remuneration was approved by the members at the last annual general meeting held on 29th July, 2011 by passing an Ordinary Resolution. However, as desired by the Central Government, the said resolution is placed as a Special Resolution.

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

By Order of the Board of Directors

Registered Office:

402-B, Poonam Chambers,
Dr. Annie Besant Road,
Worli, Mumbai – 400 018.
Date: 11th May, 2012.

S.B. Desai
Company Secretary

ABC

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Fifty-first Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS:

	Year ended 31.03.2012 ₹ in lacs	Year ended 31.03.2011 ₹ in lacs
Gross Profit before Interest, Depreciation and Tax	3028.07	4676.63
Less: Interest & Finance Charges	143.96	53.56
Depreciation	647.09	419.53
Profit before Tax	2237.02	4203.54
Less: Provision for tax		
Current Tax	(500.00)	(1200.00)
Income Tax for earlier years	-	(20.07)
Deferred Tax (Charge)/Credit	(202.76)	(156.72)
Profit after Tax	1534.26	2826.75
Add: Balance brought forward from previous year	838.73	617.40
Amount available for appropriations	2372.98	3444.15
Appropriations:		
Proposed Dividend	577.50	693.00
Tax on proposed dividend	93.69	112.42
Transfer to General Reserves	1000.00	1800.00
Balance carried to Balance Sheet	1671.19	838.73
	<u>2372.98</u>	<u>3444.15</u>

OPERATIONS:

The year under report has shown slow down in economy since the third quarter, especially in commercial vehicles and tractor segment, the sector in which your Company has a large presence. The rising input costs and rise in interest rates have put pressure on margins as well. Rise in imports from China by Original Equipment Manufacturers (OEMs) resulted in lower sales realisation.

As the Commercial Vehicle and the tractor industry, a segment in which your Company has a large presence also slowed down, the sales in the last quarter of the year were very much restricted resulting in higher finished goods inventory.

Uttarakhand Plant:

The plant at Uttarakhand which commenced production during March, 2011 is fast stabilising and showed profits during the year. The facility continues to service the industries largely in that state. The plant achieved TS:16949 certification.

Slewing Bearings:

The slewing bearing plant which was commissioned during last year, could not contribute significantly to cater to either the top or the bottom line due to the longer gestation period required for the products.