

ABC

ABC Bearings Limited

55

**Annual Report
2015-2016**



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55TH ANNUAL GENERAL MEETING
Wednesday, the 27th July, 2016 at 4.30 p.m.
Hall of Culture, Nehru Centre,
Dr. Annie Besant Road, Worli,
Mumbai - 400 018.

BOARD OF DIRECTORS	Mr. S. M. Patel	- Chairman
	Mr. P. M. Patel	- Managing Director
	Mr. T. M. Patel	- Executive Director
	Mr. S. K. Diwanji	
	Mr. J. R. Patel	
	Mr. N. M. Shah	
	Ms. J. P. Abraham	
CHIEF FINANCIAL OFFICER	Mr. S. K. Choudhary	
COMPANY SECRETARY	Mr. 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-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072. Tel.: 022 - 40430200 Fax: 022 - 28475207 E-mail: investor@bigshareonline.com	
WORKS	<ol style="list-style-type: none"> 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. 	

NOTICE

NOTICE is hereby given that the Fifty-fifth Annual General Meeting of the Members of **ABC Bearings Limited (CIN:L29130MH1961PLC012028)** will be held on **Wednesday, the 27th July, 2016 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 Financial Statements of the Company for the financial year ended 31st March, 2016 together with Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. S.M. Patel having Director Identification Number 00012036 who retires by rotation and is eligible for re-appointment.
4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or enactment thereof, for the time being in force), the appointment of M/s. Parikh & Shah, Chartered Accountants (Firm Registration No.107528W) made in the 53rd Annual General Meeting held on 17th July, 2014, be and is hereby ratified and confirmed at remuneration of ₹4.50 lacs plus service tax, other service charges, out of pocket expenses etc.”

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditors M/s. B. J. D. Nanabhoy & Co., Cost Accountants (Registration No.000011) appointed by the Board of Directors, to conduct the audit of cost records of the Company for the financial year ending March 31, 2017, 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. The relative Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item No.5 of the accompanying Notice is annexed hereto.
2. A statement giving the relevant details of the Director seeking re-appointment under item No.3 of the accompanying Notice, as required by Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is given in Corporate Governance Report.
3. 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.
4. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.
5. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
6. The Register of Members and Share Transfer Books of the Company will be closed from Monday, the 25th July, 2016 to Wednesday, the 27th July, 2016 (both days inclusive), for the purpose of dividend, if declared at the Annual General Meeting.
7. 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 2008-09 are provided hereunder:

Financial Year	Rate (%)	Date of declaration of Dividend	Tentative dates for transfer to IEPF
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
2013-14	20%	17.07.2014	20.08.2021
2014-15	20%	11.08.2015	15.09.2022

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.

8. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their votes electronically, through the remote e-voting services provided by Central Depository Services (India) Limited (CDSL), on all the resolutions set forth in this Notice.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 24th July, 2016 at 9-00 A. M. and ends on 26th July, 2016 at 5-00 P. M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 20th July, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. (For sequence number, refer serial no. printed on the name and address sticker)
	<ul style="list-style-type: none"> In case the sequence number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
	<ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company 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. 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.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the relevant EVSN on which you choose to vote.

(xii) 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.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) 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.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) 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, under help section or write an email to helpdesk.evoting@cdslindia.com.
9. The Company has appointed Mr. D. M. Dalal, Practising Company Secretary as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
 10. A copy of this notice has been placed on the website of the Company and the website of CDSL.
 11. 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).
 12. 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.
 13. 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.
 14. 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.
 15. Members are requested to register their e-mail address with the Share Transfer Agents for sending notice/documents through e-mail.
 16. 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
 17. Members are requested to quote their Folio/DP ID Number(s) in all correspondence with the Company’s Share Transfer Agents.
 18. Members/Proxies should bring the attendance slip duly filled-in for attending the meeting.
 19. 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: 10th May, 2016.

S. B. Desai
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.**Item No.5:**

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment and remuneration of an amount not exceeding ₹ 61,000/- (Rupees Sixty One Thousand only) for the financial year ending 31st March, 2017 payable to the Cost Auditor M/s. B.J.D. Nanabhoy & Co., Cost Accountants, to conduct the audit of the cost records of the Company for the aforesaid financial year. In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the remuneration payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.5 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2017. None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in this resolution.

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

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

Place : Mumbai
Date : 10th May, 2016.

By order of the Board of Directors

S. B. Desai
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Fifty-fifth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2016.

FINANCIAL RESULTS:

	Year ended 31.03.2016 ₹ in Lacs	Year ended 31.03.2015 ₹ in Lacs
Gross Profit before Interest, Depreciation and Tax	2787.65	2215.27
Less: Finance Costs	697.84	562.28
Depreciation	1251.49	1172.09
Profit before Tax	838.32	480.90
Less: Provision for tax		
Current Tax	180.00	97.00
MAT credit entitlement	(172.98)	(96.25)
Deferred Tax (Charge)/Credit	283.35	62.02
Profit after Tax	547.95	418.13
Add: Balance brought forward from previous year	998.51	988.36
Less: Carrying amount of Fixed Assets adjusted as per Companies Act, 2013	—	59.95
Amount available for appropriations	1546.46	1346.54
Appropriations:		
Proposed Dividend	231.00	231.00
Tax on proposed dividend	47.03	47.03
Transfer to General Reserves	100.00	70.00
Balance carried to Balance Sheet	1168.43	998.51
	1546.46	1346.54

OPERATIONS:**Automotive Division:**

With improved traction on the sales front, the overall Commercial Vehicle sector has returned positive numbers in 2015-16 due to the increase in spending on infrastructure and benign fuel prices. During fiscal 2015-16, Heavy and Medium Commercial Vehicles maintained their growth curve. The strong sales, was attributed to fleet operators replacing their aging fleets. After struggling for more than two years, the LCV segment has seen the green shoots of recovery and entered positive territory.

Indian Tractor Industry 2015-2016:

Farm sentiments continue to remain weak. The decline which started in October 2014 continued during the year registering a degrowth of 9% for domestic sales. The demand in the market continues to be marred by weak farm sentiments, a result of stressed farm incomes on account of consecutive crop failures, and a second consecutive year of weak south-west monsoon.

Despite of the sluggish tractor industry & marginal growth in LCV segment, the Company was able to achieve top line growth with the help of M&HCV segment growth and various initiatives taken for increasing the after market sales and getting approvals for Industrial Bearings.

Industrial Bearing and Big Bearing Division:

Though the market for Industrial Bearings in India is large, the challenges faced are difficult than those faced in the automotive segment.

There are more than 2000 varieties of bearing part numbers with low volumes. The applications are very wide and critical needing very long validation periods, sometimes more than a year or two. Being a late entrant, it poses the challenge of replacing an established supplier.

In spite of the above, your Company has inched up in overcoming the challenges in many industries such as material handling, construction, agricultural, process and wind energy and products are slowly but surely getting customer acceptance.

Your Company is confident of increasing volumes for Industrial Bearings in the coming years thereby reducing its dependence on its traditional markets, the Commercial Vehicle and Tractors.

DIVIDEND:

The Directors recommend a dividend of ₹ 2/- (20%) per Share for the financial year ended 31st March, 2016, 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 27th July, 2016 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.

COLLABORATION:

The Technical Assistance Agreement with NSK Ltd., Japan, expired on 31st March, 2016. Since the Company has absorbed substantial technology in the respective areas, has chosen not to extend the same.

FIXED DEPOSITS:

During the year, the Company has not accepted any fixed deposits under the Companies Act, 2013.

QUALITY CERTIFICATIONS:

Your Company continues to enjoy the TS 16949 as well as the ISO 14001 certifications. The OE customers continue to repose their confidence with self-certification status for the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory, cost and secretarial auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the year ended 31st March, 2016. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, based on the above and the representations received from the Operating Management, the Board of Directors, to the best of their knowledge and ability confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom;
- ii. they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit of the Company for the year ended on that date;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the year ended 31st March, 2016; and
- vi. proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended 31st March, 2016.

DIRECTORS:

In accordance with the provisions of Section 152 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. A brief resume and particulars relating to him are given separately under the report on Corporate Governance.