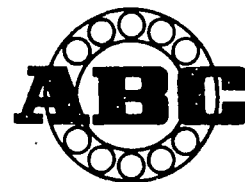


MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		



The Antifriction Bearings Corporation Limited



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Annual Report
1997-98

The Antifriction Bearings Corporation Limited

DIRECTORS	Mr. M.I. Patel, <i>Chairman and Managing Director</i> Mr. S.M. Patel, <i>Vice Chairman</i> Mr. P.M. Patel, <i>Managing Director</i> Mr. T.M. Patel, <i>Executive Director</i> Mr. C.U. Shah Mr. Y.H. Malegam Mr. S.K. Diwanji Mr. V.C. Vaidya Mr. J.R. Mulraj <i>(Nominee of ICICI)</i>
G.M. (Fin. & Accts.) & COMPANY SECRETARY	Mr. S.V. Subramania Iyer
AUDITORS	Messrs. Parikh & Shah <i>Chartered Accountants</i>
COST AUDITORS	Messrs. B.J.D. Nanabhoy & Co. <i>Cost Accountants</i>
SOLICITORS	Messrs. Desai & Diwanji
BANKERS	Bank of Baroda Corporation Bank
REGISTERED OFFICE	402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai 400 018.
WORKS	1. Pandit Jawaharlal Nehru Marg, Lonavla 410 401, Maharashtra State. 2. Plot No. 1-B, G.I.D.C Industrial Estate, Bharuch 392 015, Gujarat State. 3. Plot No. 109-B, G.I.D.C Industrial Estate, Bharuch 392 015, Gujarat State.

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NOTICE

NOTICE is hereby given that the Thirtyseventh Annual General Meeting of the Members of THE ANTIFRICTION BEARINGS CORPORATION LIMITED will be held on Tuesday, the 22nd September, 1998 at 4.00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, 76, Veer Nariman Road, Mumbai - 400 020 to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and 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. V.C.Vaidya who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

To consider and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT M/s Parikh & Shah, Chartered Accountants, the retiring Auditors of the Company, be and they are hereby appointed Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors, inclusive of travelling and other out of pocket expenses."

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 and other applicable provisions, if any, of the Companies Act 1956, (including any statutory modifications or re-enactment thereof for the time being in force) the Company hereby approves the re-appointment of Mr.T.M.Patel as Executive Director of the Company for a period of five years with effect from 1st February 1998, on the terms and conditions including remuneration as are set out in the draft Agreement to be entered into by the Company with him, now submitted to the meeting, which agreement is hereby specifically sanctioned with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement, so as not to exceed the limit, if any, specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto and as may be agreed to between the Directors and Mr. T.M.Patel or as may be varied by the General Meeting and that the consent of the Company be and is hereby accorded to his holding an office or place of profit as a wholetime director."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary and/or alter and/or modify the terms and conditions relating to remuneration, commission payable and perquisites to be provided for Mr.T. M.Patel as Executive Director of the Company in accordance with any change that may be effected from time to time in Schedule XIII to the Companies Act 1956, or any amendments and/or modifications including any guidelines or modifications as may be made by the Central Government from time to time."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr.T.M.Patel as aforesaid shall be governed by section II of part II of Schedule XIII to the Companies Act 1956, as in force from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 310 and other applicable provisions, if any, of the Companies Act, 1956 and the laws prevailing for the time being and subject to the approval of the

The Antifriction Bearings Corporation Limited

Central Government, as may be required and such alterations and modifications, if any, that may be effected by the Central Government in granting such approvals pursuant to policies or laws, guidelines, rules and regulations relating to managerial remuneration, which the Board of Directors be and is hereby authorised to agree to, consent of the Company be and is hereby accorded to the payment of or reimbursement of expenses incurred by Mr. M.I.Patel, Chairman and Managing Director of the Company, in connection with his medical treatment abroad amounting to Rs.8,95,423/-, including expenses on travel and accommodation."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called "the Board") in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge all the immovable and moveable properties of the Company or any part thereof wheresoever situate, both present and future, and any part or whole of the undertaking of the Company together with power to take over the management of the business and undertaking of the Company in certain events; to or in favour of Industrial Development Bank of India (IDBI) to secure Rupee Term Loan not exceeding Rs.700 lacs (Rupees Seven hundred lacs only), together with interest at the agreed rate, additional interest, liquidated damages, demand charges, premia on prepayment, costs, charges, expenses and all other moneys payable by the Company to IDBI in terms of Loan Agreement/Letter of Sanction/Memorandum or any other documents entered into/to be entered into by the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with IDBI the agreements/documents and writings for creating aforesaid mortgages and/or charges and to do all such acts, deeds and things as may be necessary for giving effect to the above resolution and to resolve any question or doubt which may arise in relation thereto or otherwise in the best interest of the Company."

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.
2. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business under item nos.6 to 8 as set out above is annexed hereto.
3. The Register of Members and Share Transfer books of the Company shall remain closed from Tuesday the 8th September, 1998 to Tuesday, the 22nd September, 1998, both days inclusive.
4. Dividend on shares as recommended by the Board of Directors, if declared at the meeting, will be paid to those shareholders whose names appear on the Register of Members as on 22nd September, 1998.
5. Shareholders 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.
6. Unclaimed dividend upto the financial year of the Company ended on 31st March, 1994 has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205 A of the Companies Act, 1956. Those shareholders who have so far not claimed their dividend for the said financial year may claim the same from the Registrar of Companies, Maharashtra, by submitting an application in the prescribed form.

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

By Order of the Board of Directors
For The Antifriction Bearings Corporation Ltd.



S.V. SUBRAMANIA IYER
Gen. Manager (Finance & Accounts) &
Company Secretary

Dated 26th June 1998.



EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the special business mentioned under item nos. 6 to 8 of the accompanying notice.

Item No. 6

At the Extra Ordinary General Meeting of the members of the Company held on 28th January, 1993, members had approved the appointment and terms of remuneration payable to Mr. T.M.Patel, Wholetime Director designated as Executive Director of the Company. Members, by a resolution passed at the 33rd Annual General Meeting held on 21st September, 1994 approved revised remuneration payable to Mr. T.M.Patel with effect from 1st August 1993 increasing the salary from Rs.15,000/- to Rs.35,000/- per month. Following the Government notification dated 1st February, 1994 revising remuneration and perquisites payable to Managing and Wholetime Directors, the members at the 34th Annual General Meeting held on 19th September 1995 revised the salary payable to Mr.T.M.Patel from Rs.35,000/- to Rs.70,000/- p.m. with annual increment of 10% of the salary, with effect from 1st April, 1995 for the remaining tenure of the appointment, subject to the overall ceiling as per Schedule XIII to the Companies Act,1956. Presently, he is drawing monthly salary of Rs.77,000/- plus perquisites and his term has expired on 31st January 1998.

The Directors have at their meeting held on 26th June 1998 reappointed Mr.T.M.Patel as Wholetime Director, designated as Executive Director for a further period of 5 years with effect from 1st February 1998 on the following terms and conditions :

I) Salary : Rs. 80,000/- per month from 1st February, 1998 with annual increment of 10% of the salary.

II) Perquisites and Allowances :

In addition to salary, the Executive Director shall be entitled to perquisites and benefits like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, payment of actual expenses for utilisation of gas, electricity, water, medical expenses, leave travel concession for self and family, club fees, medical insurance and such other perquisites subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956.

III) 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 in a particular financial year.

The minimum remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the period of his appointment will be subject to a maximum ceiling limit of Rs.10,50,000/- per annum or Rs. 87,500/- per month in the manner set out in Section II Part II of Schedule XIII to the Companies Act, 1956 or any amendment thereto.

The particulars set out above may be treated as an abstract of the draft agreement proposed to be entered into between the Company and Mr. T. M. Patel which requires to be given to every member 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. M. I. Patel, Mr. P. M. Patel and Mr. S. M. Patel, who are related to Mr. T. M. Patel.

The Board of Directors of the Company recommends passing of the resolution for the re-appointment of Mr. T. M. Patel as the Executive Director of the Company for a term of five years commencing from 1st February 1998.

The draft agreement to be entered into with Mr. T. M. Patel referred to above is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. and 2 p.m. on any working day, except Saturdays, till the conclusion of the ensuing Annual General Meeting.

The Antifriction Bearings Corporation Limited

Item No. 7

On the recommendation of Neurologist at Mumbai for treatment of cervical and lumbar canal stenosis with compression of the spinal cord and lumbar roots, Mr. M. I. Patel, Managing Director, had to undergo medical treatment in Wellington Hospital in United Kingdom. In this connection, the Company has incurred expenditure for his medical treatment abroad and travel to and fro, aggregating to Rs. 8,95,423/-. The treatment was successful and he has recouped of his disablement.

As this payment/incurrence of expenditure may be considered as increase in remuneration/perquisites for Mr. M. I. Patel, which will be in excess of the limit specified in Schedule XIII to the Companies Act, 1956, the shareholders are requested to give their approval. Application will be submitted for Central Government approval after the shareholders have approved and passed the resolution.

Mr. M. I. Patel himself and Mr. S.M. Patel, Mr. P.M. Patel and Mr. T.M. Patel, who are related to Mr. M.I. Patel, are concerned or interested in the above resolution. Excepting them no other Director is interested.

Item No. 8.

The Company has been sanctioned Rupee Term Loan of Rs.700 lacs by Industrial Development Bank of India (IDBI) for meeting its funds requirements.

The said financial assistance sanctioned by IDBI is agreed to be secured by mortgage/charge of the immovable and moveable properties of the Company, both present and future, in such form and manner and with such ranking as may be stipulated by IDBI.

As the mortgage and/or charge to be created as above may be considered as disposal of the Company's undertakings in certain events of default by the Company, it is necessary for the members to pass a resolution under Section 293(1) (a) of the Companies Act, 1956.

Accordingly, the resolution in the Notice is placed before the shareholders for approval.

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

By Order of the Board of Directors
For The Antifriction Bearings Corporation Ltd.



S.V. SUBRAMANIA IYER
Gen. Manager (Finance & Accounts) &
Company Secretary

Mumbai
Dated 26th June 1998.



DIRECTORS' REPORT

To the Members,

The Directors are pleased to present their 37th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS :

	For the year ended	
	31.03.1998	31.03.1997
	Rs. in lacs	Rs. in lacs
Gross Profit before Interest,		
Depreciation and Tax	1562.71	2644.89
Less: Interest	946.70	937.34
Depreciation	533.57	796.95
Profit before tax	82.44	910.60
Provision for tax	9.00	135.00
Profit after tax	73.44	775.60
Add: Balance brought forward		
from previous year	272.92	218.38
Provision for Doubtful		
Debts written back	—	1.43
Amount available for		
appropriations :	346.36	995.41

APPROPRIATIONS:

Debenture Redemption		
Reserve	—	50.00
Proposed Dividend	57.79	202.26
Income Tax on Proposed		
Dividend	5.78	20.23
General Reserve	25.00	450.00
Surplus carried to		
Balance Sheet	257.79	272.92
	346.36	995.41

DIVIDEND: The Directors are pleased to recommend a dividend of 10 % (previous year 35%) for the year ended 31st March, 1998, which, if approved by the members at the annual general meeting, will absorb a sum of Rs. 63.57 lacs inclusive of dividend tax.

OPERATIONS : The year under report witnessed a drastic reduction in the manufacture of vehicles, more prominently commercial vehicles, to which sector ABC is supplying large quantities.

The demand from the traders for catering to replacement market was also low on account of availability of low quality, cheap priced imported and indigenous spurious bearings.

In order to retain its market share and price competitiveness in the depressed market, the Company had to reduce the prices of its products both for industry and trade, more than once during the year.

In order not to be burdened with large stock of inventory, the Company had to curtail production.

By setting up facilities to manufacture Ball Bearings and aggressive marketing, the Company has taken steps to spread its market concentration from commercial vehicles sector to include other areas.

Though the Company has taken all steps to curtail costs wherever possible, yet due to lower production and lower realisation, the margins were under pressure. This situation can be improved only when the economy revives and auto industry steps up production and the Company is able to realise a fair price for its products.

Due to continued recession and poor offtake by industry and trade, the Company has curtailed production and therefore production and sales during the current year so far was lower compared to the corresponding period of last year.

COLLABORATION WITH NSK LTD., JAPAN: During the year under review, the Company entered into a long term Licensing and Technical Assistance Agreement for Ball and Tapered Roller Bearings with NSK Ltd., Japan. NSK is the largest bearing manufacturer in Japan and ranks second in the world. Under the terms of the Agreement, NSK will assist your Company to upgrade its manufacturing processes to improve productivity, quality and reduce costs. The Company will also receive know-how for development of new bearings. Ball and Tapered Roller Bearings

The Antifriction Bearings Corporation Limited

manufactured by the Company will now be licensed by NSK.

FIXED DEPOSITS: Out of the fixed deposits totalling Rs.84.90 lacs from public and shareholders as on 31st March, 1998, 52 deposits aggregating to Rs.2.39 lacs, which had matured, had not been claimed as at the end of the financial year. Since then 7 of these deposits of the value of Rs.0.30 lac have been claimed/renewed.

DIRECTORS: During the year under report, Mr. A.K. Patel, one of the founder Directors of the Company, died. The Directors and the Management of the Company wish to place on record their appreciation for the valuable guidance and advice provided to the Company by Mr. A.K. Patel during his tenure as a Director of the Company.

Pursuant to the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. C.U. Shah and Mr. V.C. Vaidya, Directors, retire by rotation and being eligible, offer themselves for reappointment.

AUDITORS: Messrs. Parikh & Shah, the present auditors, have furnished a Certificate regarding their eligibility for reappointment as Company's Auditors pursuant to Section 224(1B) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO: Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in the annexure forming part of this report.

PARTICULARS OF EMPLOYEES: As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of

employees are set out in the annexure to the Directors' Report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, Report and the Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary at the registered office of the Company.

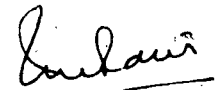
INDUSTRIAL RELATIONS: The long term wage settlement with the recognised union at the Lonavla plant expired on 31.03.1996. The union terminated the agreement and submitted fresh charter of demands. However, not satisfied with the recognised union, another union claiming majority of workmen, sought recognition and submitted its charter of demands. They also approached the High Court for de-recognition of the present recognised union and prayed for injunction against the Company finalising any settlement with the present recognised union. The High Court granted the injunction and directed the Industrial Court at Pune to settle the matter which is still pending with the Industrial Court.

The long term wage settlement with the workmens' union at Bharuch plant expired on 31st March, 1997 and after negotiations entered into a fresh wage settlement for a period of four years.

ACKNOWLEDGMENT: The Directors place on record their appreciation for the devoted services of the executives, staff and workers at all units and at all levels.

The Directors also acknowledge the co-operation and support extended to the Company by Financial Institutions and Banks.

By Order of the Board



M.I. PATEL

Mumbai
26th June, 1998. *Chairman & Managing Director*



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:

1. High power HP motors have been replaced with low power HP motors, such that all effective motors are now matched with the electric load.
2. Introduced capacitor banks to improve power factor which resulted in lower consumption of power.
3. Carried out modifications to the air compressor pipelines to stop leakages and strengthen the compressor capacity.

B. TECHNOLOGY ABSORPTION:

The Company has entered into a long term Licensing and Technical Assistance Agreement for Ball and Tapered Roller Bearings with one of the world leaders in Bearing Technology M/s. NSK Ltd. Japan. Under the terms of the agreement NSK will assist the Company to upgrade its manufacturing process to improve productivity, quality and to reduce costs. The Company will also receive knowhow for development of new bearings.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings	Rs. 192.05 lacs
Outgo	Rs. 394.68 lacs.