



The Antifriction Bearings Corporation Limited

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38th

Annual Report
1998-99

The Antifriction Bearings Corporation Limited

BOARD OF DIRECTORS

Mr. M. I. Patel	Chairman & Managing Director
Mr. S. M. Patel	Vice Chairman
Mr. P. M. Patel	Managing Director
Mr. T. M. Patel	Executive Director
Mr. C. U. Shah	
Mr. Y. H. Malegam	
Mr. S. K. Diwanji	
Mr. V. C. Vaidya	
Mr. J. R. Mulraj	(ICICI Nominee)*
Mr. T. Raghavendran	(ICICI Nominee)**

*upto 16.07.1998

**from 16.07.1998

COMPANY SECRETARY

Mr. Shyam S. Devadiga

AUDITORS

Messrs Parikh & Shah
Chartered Accountants

COST AUDITORS

Messrs B. J. D. Nanabhoy & Co.
Cost Accountants

SOLICITORS

Messrs Desai & Diwanji
Advocates & Solicitors

BANKERS

Bank of Baroda
Corporation Bank

REGISTERED OFFICE

402-B, Poonam Chambers,
Dr. Annie Besant Road,
Worli, Mumbai 400 018.
Tel. No.: 4964500 Fax No.: 4950527
E-mail : sec.abc@gnbom-abc.globalnet.ems.vsnl.net.in

WORKS

1. Pandit Jawaharlal Nehru Marg,
Lonavla 410 401,
Maharashtra State.
2. Plot No. 1-B, GIDC Industrial Estate,
Bharuch 392 015,
Gujarat State.
3. Plot No. 109-B, GIDC Industrial Estate,
Bharuch 392 015,
Gujarat State.

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NOTICE

NOTICE is hereby given that the Thirty-eighth Annual General Meeting of the Members of THE ANTIFRICTION BEARINGS CORPORATION LIMITED will be held on Thursday, the 15th July, 1999 at 4.30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, 76 Veer Nariman Road, Churchgate, Mumbai - 400 020, to transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt the Audited Balance Sheet of the Company as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Y. H. Malegam, who retires by rotation and being eligible, offers himself for re-appointment.
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 by passing the following resolution as a Special Resolution, with or without any modification(s):

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

SPECIAL BUSINESS :

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

5. "RESOLVED THAT in terms of the provisions of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, if any, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgages, charges, pledge and hypothecation on the assets of the Company, both movable and immovable, whether in existence or to be acquired in future to secure any Debentures/Bonds or any other instruments or Loans (including Foreign Currency Loans) received or to be received from the Financial Institutions/Banks, Finance Companies or others, including additional interest, liquidated damages, commitment charges, premia on prepayment or any other charges payable by the Company to such Bank/Financial Institutions, Finance Companies, Debenture holders/Bondholders or any other instrument holders from whom the Company has/would have received loans, not exceeding Rs. 200 crores, being the borrowing powers delegated by the members to the Board of Directors."

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 Resolution mentioned at item No. 4 & 5 of the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 7th July, 1999 to 10th July, 1999, both days inclusive.
4. 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.
5. Unclaimed dividend upto the financial year ended 31st March 1995 has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A 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.

By Order of the Board of Directors
for THE ANTIFRICTION BEARINGS CORPORATION LIMITED

Registered Office :

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

Dated : 17th May, 1999.

SHYAM S. DEVADIGA
Dy. General Manager (Finance) &
Company Secretary

The Antifriction Bearings Corporation Limited

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No : 4

Public Financial Institutions, Nationalised Banks, Insurance Companies etc., hold in the aggregate, more than 25% of the subscribed capital of your Company. Thus, in terms of the provisions of Section 224A of the Companies Act, 1956, the appointment of Statutory Auditors has to be made only by passing a Special Resolution.

Hence, a Special Resolution is proposed for the appointment of Messrs Parikh & Shah, Chartered Accountants, Mumbai as the Auditors of the Company.

As required, the Auditors have forwarded a certificate to the Company stating that the appointment, if made, will be within the limit specified in Sub-section (1-B) of Section 224 of the Companies Act, 1956.

The Directors recommend the appointment of Messrs Parikh & Shah, Chartered Accountants, as the Auditors of the Company. None of the Director is in any way concerned or interested in the said resolution.

Item No : 5

The members at their Annual General Meeting held on 19th September, 1995, had authorised the Board of Directors (Board) to borrow moneys from time to time not exceeding Rs.200 crores to meet your Company's business. For securing the said borrowings, you Company

may be required to create mortgage/s in favour of the Lenders which again requires the prior approval of the Members at the General Meeting under section 293(1)(a) of the Companies Act, 1956. Convening of a General Meeting is a time consuming process and an expensive proposition. Many a time, the transaction gets delayed due to this procedural aspects.

Therefore, Members' approval is sought to authorise the Board of Directors to create security on the assets of the Company upto the extent of the borrowing powers delegated to the Board by the members. This would help the Company to speed up the whole process.

The Board recommends the above said resolution for your approval.

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

By Order of the Board of Directors
For THE ANTIFRICTION BEARINGS CORPORATION LTD.

SHYAM S. DEVADIGA
*Dy.General Manager(Finance) &
Company Secretary*

Registered Office:

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

Dated : 17th May, 1999.



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their 38th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS :

	For the year ended	
	31.03.1999	31.03.1998
	Rs. in Lacs	Rs. in Lacs
Gross profit before Interest,		
Depreciation and Tax	518.27	1562.71
Less: Interest & Finance Charges	1036.71	946.70
Depreciation	484.87	533.57
Profit before tax	(1003.31)	82.44
Provision for tax	—	9.00
Profit after tax	(1003.31)	73.44
Add: Balance brought forward from previous year	257.79	272.92
	(745.52)	346.36
Amount transferred from Investment Allowance Reserve	86.60	—
Amount available for appropriations:	(658.92)	346.36

APPROPRIATIONS :

Dividend including divided tax	—	63.57
Transfer to General Reserve	—	25.00
Balance carried to Balance Sheet	(658.92)	257.79
	(658.92)	346.36

OPERATIONS:

The year under review was not favourable to your Company. The recession in general has had largest impact on the Auto Industry and particularly effecting the Commercial Vehicle Industry. The products of the Company have always been focused on servicing commercial vehicle segment, both, the Original Equipment and the After Market. The Company built up substantial capacity to meet future demands of this segment. Sale of commercial vehicles fell from 203,295 vehicles in 1996-97 to 115,777 in the current year (1998-1999) registering a negative growth of 43% over two year period. In view of such drastic reduction in volumes of commercial vehicles your Company was forced to curtail production and liquidate the excess stock of bearings.

The Management has taken several corrective actions such as introduction of various cost cutting measures and concentrating Company's efforts to gain entry into those markets it did not cater to in the past. In spite of the poor financial results major customers of the Company continue to show confidence in the Company and its products.

As reported in the previous year's Directors' Report, your Company entered into long term Licensing and Technical Assistance Agreement for Ball and Tapered Roller Bearings with NSK Ltd., Japan. During the year several

visits of the collaborator's engineers have taken place to train company's engineers and improve the productivity and quality of its products. This assistance will have long term positive effects on the products of the Company and be able to cater to the requirements of those manufactures who have recently established manufacturing facilities in India to produce latest generation vehicles.

QUALITY CERTIFICATION:

Most of our major customers have awarded self certification to the Company for its products and during the year under review two plants of the Company have been accredited with QS 9000 certification.

DIVIDEND :

Your Directors have not recommended payment of any dividend for the financial year under review, due to loss suffered by your Company.

FIXED DEPOSITS:

During the year under review your Company has not renewed or accepted any fresh deposits.

Out of the existing Fixed Deposits of Rs. 75.71 lacs from Public and Shareholders as at 31st March, 1999, 51 deposits aggregating to Rs. 2.49 lacs which had matured, had not been claimed during the year.

DIRECTORS:

Pursuant to the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. S. M. Patel and Mr. Y. H. Malegam, Directors, retire by rotation and being eligible, offer themselves for reappointment.

RIGHTS ISSUE :

At the Extra Ordinary General Meeting of members of the Company held on 15th April, 1999, your Company has passed necessary resolutions for the issue of 57,78,900 equity shares to the existing members of the Company in the ratio of one share for every share held by them. The issue is priced at Rs. 10/- per share.

AUDITORS:

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

STATUS ON Y2K PREPAREDNESS:

1. The Company had identified the operations, process and functions which could be affected due to Y2K problem. Detailed understandings with the key suppliers are in place and are under follow-up to ensure smooth millennium change over.
2. The expenditure to ensure Y2K compliance is not expected to have any material finance impact.
3. The Company is also in the process of developing contingency plans to meet foreseeable adverse situations.

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

The Antifriction Bearings Corporation Limited

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 to be set out in the annexure to the Directors' Report. However, the above information is not being sent along with the Annual Report and any shareholder interested in obtaining such information, may write to the Registered Office of the Company.

INDUSTRIAL RELATIONS :

During the year under review, industrial relations remained cordial.

In respect of the Lonavla Plant, the inter union difference continue to persist. The matter of recognition rests with

the Industrial Court, Pune. However, the High Court, Mumbai has directed to the Company to hold a secret ballot election for the workmen to cast their votes for one of the two union, to negotiate a long term settlement with the Company which is pending since 1.4.1997.

ACKNOWLEDGEMENT :

Your Directors wish to place on record their appreciation for the devoted services rendered by the executives, staff and workers at all units and at all levels.

Your Directors also wish to acknowledge the co-operation and continued support extended to the Company by Financial Institutions and Bankers to the Company.

Your Directors wish to place on record the co-operations and technical support extended at all levels by the collaborators of the Company, NSK Ltd., Japan.

For and on behalf of the Board

Mumbai, 17th May, 1999

M. I. 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:

1. In depth study of energy consumed by the plant was undertaken towards the end of this financial year.

Results have shown that there is a good opportunity of saving of energy by matching utilities run hours with planned production levels.

Steps are being taken to re-orient working cycles in tune with energy saving ideas generated during this study and communicated during the course of training programs.

2. During the course of energy Audits/Measurement and collection of data for the compressed Air system, it was revealed that this system was drawing more power. By taking appropriate

corrective actions this has resulted in energy saving of 22,152 KWH per month.

B. TECHNOLOGY ABSORPTION:

As already reported to you last year, your Company has entered into a long term Licensing and Technical Assistance Agreement with NSK Ltd., Japan.

A comprehensive plan is prepared by NSK to be implemented in the field of technology upgradation and system improvements.

NSK also made certain recommendations to improve the quality of the products. NSK has already given product drawings of all the processes to develop quality systems and the manufacturing technology similar to NSK.

As a result of the Company's access to NSK Ltd., the Company absorbs and adapts the technologies on a continuous basis to meet the specific needs of the market.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings	:	Rs. 18.74 lacs
Outgo	:	Rs.276.63 lacs

SHARE HOLDING PATTERN - EQUITY SHARES

As at 31st March, 1999.

Shares held	No. of shareholders	Total No. of Shares
Upto 50	2,339	60,797
51 to 100	1,758	1,36,844
101 to 300	2,210	4,05,549
301 to 500	473	1,90,829
501 to 1,000	375	2,58,830
1,001 to 5,000	205	4,20,523
5,001 & above	37	43,05,528
Grand total	7,397	57,78,900



DISTRIBUTION OF EQUITY SHARES

As at 31st March, 1999.

	Non-residents	Public Financial Institutions, Nationalised Banks & Ins. Companies	Mutual Funds	Indian Companies	Others	Total
No. of Share holders	40	13	3	73	7268	7397
Shares held	10,05,666	19,46,105	445	10,49,143	17,77,541	57,78,900

(Rupees in lacs)

HIGHLIGHTS

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
Sales & Other Income	4995.79	6435.91	6962.45	7485.30	6405.88	8196.09	10462.81	11779.18	8030.53	7367.20
Materials Consumed	2398.77	3233.52	2859.35	3249.05	2991.02	3528.92	4552.97	4750.45	2926.95	3329.07
Excise Duty	825.95	1051.45	1217.93	1328.56	1023.24	1332.58	1368.86	1513.34	901.51	885.48
Employee Cost	450.50	502.04	540.14	621.69	664.70	811.37	889.32	873.44	1032.49	1137.74
Interest	195.49	223.79	513.52	622.48	476.23	509.03	766.81	930.43	946.70	1036.71
Depreciation	228.72	231.94	216.01	273.76	218.65	314.74	526.83	796.95	533.57	484.88
Other Expenses	441.41	602.15	684.05	822.55	788.51	1294.12	1694.01	2003.97	1606.87	1496.63
Profit before Tax	454.95	591.02	931.45	567.21	243.53	405.33	664.01	910.60	82.44	-1003.31
Taxation	188.25	303.00	360.00	212.00	—	65.00	14.07	135.00	9.00	—
Profit After Tax	266.70	288.02	571.45	355.21	243.53	340.33	649.94	775.60	73.44	-1003.31
Equity Dividend Rs.	80.70	80.70	109.33	115.58	115.58	173.37	202.96	202.96	63.57	—
Equity Dividend %	25.00	25.00	30.00	30.00	30.00	30.00	35.00	35.00	10.00	—
Preference Dividend Rs.	5.50	5.50	5.50	—	—	—	—	—	—	—
Retained Earnings	180.50	201.82	456.62	239.63	127.95	166.96	447.68	553.11	9.87	-658.92
Gross Fixed Assets	2495.96	3013.58	4189.53	4264.34	4685.36	5897.91	9129.50	11062.96	11459.33	11499.26
Net Fixed Assets	736.89	1028.88	2326.28	2127.36	2330.10	3257.81	6039.22	7295.23	7158.03	6834.21
Investments	151.25	215.96	220.85	230.42	180.40	183.22	183.22	183.22	183.22	183.02
Net Current Assets	1139.75	1425.43	2326.98	2746.73	2156.25	2667.20	3044.38	3499.83	4066.27	3354.38
Total Assets (Net)	2027.89	2670.27	4874.11	5104.51	4163.19	6132.67	9266.82	10978.28	11407.52	10371.61
Share Capital - Equity	322.80	322.80	385.26	385.26	385.26	577.89	577.89	577.89	577.89	577.89
- Preference	50.00	50.00	—	—	—	—	—	—	—	—
Reserves & Surplus	784.53	986.35	1606.97	1846.60	1974.55	1948.89	2396.57	2971.11	2980.98	1977.67
Net Worth	1157.33	1359.15	1992.23	2231.86	2359.81	2526.78	2974.46	3549.00	3558.87	2555.56
Borrowings	870.56	1311.12	2881.88	2872.65	2403.38	3605.89	6292.36	7429.28	7848.65	7816.05
Total Liabilities	2027.89	2670.27	4874.11	5104.51	4763.19	6132.67	9266.82	10978.28	11407.52	10371.61
Earnings per Share	8.09	8.75	14.69	9.22	6.32	5.89	11.25	13.45	1.27	—
Book value per Share	34.30	40.56	51.71	57.93	61.25	43.72	51.47	61.41	61.58	44.22
Debt : Equity	0.75 : 1	0.96 : 1	1.45 : 1	1.29 : 1	1.02 : 1	1.43 : 1	2.1 : 1	2.09 : 1	2.21 : 1	3.06 : 1
Turnover/Inventory (Times)	4.23	7.20	4.19	4.08	3.78	4.44	4.47	4.03	2.50	3.09
Turnover/Net BLock	6.78	6.26	2.99	3.52	2.75	2.52	1.73	1.61	1.12	1.08
Current Assets/Current Liabilities	2.22	2.75	4.54	3.66	2.62	2.81	2.43	2.39	3.23	2.73
Number of Shareholders	5835	5890	6853	7122	7119	6864	6990	7252	7302	7397
Number of Employees	1225	1253	1263	1267	1149	1147	1295	1353	1358	1394