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The Antifriction Bearings Corporation Limited

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40

Annual Report

2000-2001

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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. T. Raghavendran	(ICICI Nominee)
COMPANY SECRETARY	**Mr. D. Malla Reddy**	
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.	
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.	

CONTENTS **PAGE**

Notice 3
Directors' Report 5
Auditors' Report 7
Balance Sheet 8
Profit and Loss Account 9
Schedules etc 10
Cash Flow Statement 17
Balance Sheet Abstract and Company's General Profile 18

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NOTICE

NOTICE is hereby given that the Fortieth Annual General Meeting of the Members of **THE ANTIFRICTION BEARINGS CORPORATION LIMITED** will be held on **Thursday, the 2nd August, 2001 at 4.00 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, consider and adopt the Audited Balance Sheet of the Company as at 31" March, 2001 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. S.M. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
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 Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. 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, 314 and other applicable provisions, if any, of the Companies Act, 1956, and subject to necessary approval from the Government of India, approval of the Company be and is hereby accorded for the re-appointment of Mr. M.I. Patel as Chairman, to be designated as Executive Chairman, of the Company for a period of 5 years with effect from 1st January, 2002 on the terms and conditions set out in the draft agreement to be entered into with him as per draft placed before this meeting and initialled by the Chairman for purposes of identification, be and is hereby specifically approved with authority to the Board of Directors to alter and vary the terms and conditions of the said agreement in accordance with Schedule XIII to the Companies Act, 1956, and/or any amendments or notifications including any guidelines or notifications on managerial remuneration which may be issued or any rules that may be prescribed by the Central Government thereunder from time to time and acceptable to Mr M.I. Patel.

   "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 the remuneration, commission payable and perquisites to be provided for Mr. M.I. Patel as Executive Chairman of the Company in accordance with any change that may be effected from time to time in Schedule XIII to the Companies Act, 1956, if any, 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 the Board of Directors be and is hereby authorised to take such steps as may be necessary to give effect to this resolution".

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 Section 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the re-appointment of Mr. P.M. Patel as the Managing Director of the Company for a period of 5 years with effect from 1st August, 2001 on the remuneration and upon the terms, provisions and conditions contained in the draft agreement to be executed with him as per draft placed before the meeting and for the sake of identification, initialled by the Chairman, be and is hereby specifically approved with authority to the Board of Directors to alter and vary the terms and conditions of the agreement in accordance with Schedule XIII to the Companies Act, 1956, and/or any amendments and/or modifications including any guidelines or notifications on managerial remuneration which may be issued or any rules that may be prescribed by the Central Government thereunder from time to time and acceptable to Mr. P.M. Patel.

   "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. P.M. Patel as Managing 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, if any, 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 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".

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 special business under item No. 5 and 6 as set out above is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Friday, the 27th July, 2001 to Thursday, the 2nd August, 2001(both days inclusive).
4. 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.
5. Members are requested to send all future correspondence with respect of their change of address and transfer of shares etc. directly to the Share Transfer Agent at the following address:-

   BIGSHARE SERVICES PVT. LTD.
   E-2, ANSA INDUSTRIAL ESTATE, SAKIVIHAR ROAD,
   SAKI NAKA, ANDHERI (E), MUMBAI-400 072.

   TEL. NOS.: 8560652 / 8560653
   FAX NO. 8525207

6. Members are requested to quote their Folio Number(s) in all correspondence with the Company/Share Transfer Agent.
7. Members/Proxy should bring the attendance slip by duly filled-in for attending the meeting.
8. Members are requested to bring copies of Annual Report to the Meeting.

By Order of the Board of Directors
For **THE ANTIFRICTION BEARINGS CORPORATION LIMITED**
D. MALLA REDDY
Company Secretary

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

Dated: 14th June, 2001.

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

Item No. 5 & 6: Special Resolutions:

The Board of Directors at its meeting held on 14th June, 2001 re-appointed Mr. M. I. Patel as Chairman and designated as 'Executive Chairman' for a period of five years from Ist January, 2002 and Mr. P. M. Patel as the Managing Director of the Company for a period of five years with effect from Ist August, 2001.

The terms as set out in the draft agreement are as under:

1. Salary - Mr. M.I. Patel	Rs.1,30,000/- per month from Ist January 2002, with annual increment of 10%.
- Mr. P.M. Patel	Rs. 1,20,000/- per month from Ist August 2001, with annual increment of 10%.
2. Perquisites & Allowances:	In addition to salary, the Executive Chairman and the Managing Director shall be entitled to perquisites and benefits like accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, maintenance and upkeep, monthly outgoings, cost of repairs, furnishings, payment of actual expenses for gas, electricity, water, medical expenses, leave travel for self and family, club fees, medical/accident insurance, and such other perquisites subject to overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956.
3. Commission:	As my 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.
Minimum Remuneration:	Notwithstanding anything herein contained, where in any financial year during the currency of tenure of the Executive Chairman and the Managing Director, the Company has no profits or the profits are inadequate, the Company will pay remuneration by way of salary and perquisites as stated above but shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956 and other provisions thereof or any amendments, variations, modifications or re-enactment.

The particulars set out above may be treated as an abstract of the respective draft agreements proposed to be entered into between the Company and Mr. M. I. Patel and Mr. P. M. Patel which is required 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 resolutions except Mr. M.I. Patel, Mr. P.M. Patel, Mr. S.M. Patel and Mr. T.M. Patel being related to each other.

In spite of very adverse market conditions and economic recession, Mr. M.I. Patel and Mr. P.M. Patel were able to manage the affairs of the Company in the best possible manner under the circumstances. It would therefore be desirable to renew their appointment for a further period of 5 years.

Mr. M.I. Patel and Mr. P.M. Patel shall not be subject to retirement by rotation during their tenure in office as Executive Chairman and Managing Director of the Company, in accordance with the provisions of the Articles of Association of the Company.

The Board of Directors of the Company recommends passing of the resolutions for the re-appointment of Mr. M. I. Patel as Executive Chairman and Mr. P.M. Patel as the Managing Director of the Company for a further term of five years commencing from Ist January, 2002 and from 1st August, 2001 respectively.

The draft agreements to be entered into with Mr. M.I. Patel and Mr. P.M. Patel referred to above are 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.

By Order of the Board of Directors
For **The Antifriction Bearings Corporation Limited**

D. Malla Reddy
Company Secretary

Mumbai,
14th June, 2001.

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DIRECTORS' REPORT

Dear Members,

Your Directors present herewith their Fortieth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS:

	Year ended 31.03.2001 Rupees in lacs		Year ended 31.03.2000 Rupees in lacs
Gross profit before Interest, Depreciation and Tax		1954.25	1682.88
Less: Interest & Fin. charges	1053.48	861.15	
Depreciation	535.92	597.83	
		1589.40	1458.98
Profit before tax		364.85	223.90
Less: Provision for tax		35.00	7.90
Profit after tax		329.85	216.00
Add: Balance brought forward from previous year		(442.92)	(658.92)
Less: Transferred from General Reserve		113.07	—
Amount available for appropriations:		—	(442.92)
APPROPRIATIONS:			
Loss carried to Balance Sheet		—	(442.92)

OPERATIONS:

During the year under review, sales were marginally lower at Rs.100.75 crores as against Rs.105.04 crores during the previous year. Even though the Government intervened at various levels to take measures to kick start the economy, the automobile and the tractor industry to which your Company substantially caters, did not show any signs of improvement. In fact,there was negative growth in these sectors during the year. The Budget proposals for the current year announced further incentives for the Commercial Vehicle purchasers. However, the impact of these measures on the revival of both Commercial vehicles and the Tractor industry have yet to be felt. The Import Export policy announced for the current year removed major quantitative restriction for imports. While this would not affect the bearing industry, the removal of specific rates of import duty on bearings in the previous year has seen huge quantity of cheaply priced bearings being imported into the country as a result of which the Company has had to restructure its manufacturing operations. The Company was forced to reduce production at its Ball Bearing Division due to drastic fall in demand of its products in the after market on account of sudden surge in imports of cheap priced ball bearings. The continued recessionary trend in the two wheeler industry also saw the demand for original equipment industry decline.

The continuous decrease in manufacturing activity in the Ball Bearing Division of the Company increased the losses. In order to reduce the losses contributed by the Ball Bearing Division and concentrate on its core business of manufacturing and marketing of Roller Bearings, the Management decided to exit from the Ball Bearing Business and in the last quarter of the year sold the movable assets of the Division. The Company utilized the sale proceeds of the Ball Bearing Division to strengthen its core business and repay part of the high interest bearing loans. This has enabled the Company to improve its debt equity ratio and reduce the interest burden for the future. In order to reduce costs further, the Company is in the process of reducing excess work force and consolidating operations as far as possible at all locations.

FIRE IN THE REGISTERED OFFICE OF THE COMPANY:

On 3rd June 2000, there was an accidental fire in Poonam Chambers on the 4th floor which housed the Registered and Head Office of the Company. All the offices on the floor were destroyed. The fire destroyed all furniture, fixtures, office equipment and the records maintained in the premises. The record building exercises were commenced immediately after the fire and the Company has been successful in rebuilding most of the important records.

The premises were adequately insured for loss against fire and the Company has lodged its claim for loss with the Insurance Company and the same is under active consideration. Necessary adjustments to reflect the loss and provisionally assessed claim have been made in the books of Accounts.

COLLABORATION :

The Company's Collaborators NSK Ltd., Japan, continued to render valuable technical support to the Company in the field of technology upgradation and system improvements. With their assistance, your Company has been able to develop and manufacture bearings for Toyota Kirloskar Motor (TKM) for their Qualis Vehicle and as in the previous year continue to be the exclusive indigenous supplier of these bearings to TKM.

QUALITY CERTIFICATION:

The plants continue to enjoy the ISO 9001 and QS 9000 Certification. Most of the customers have awarded self certification to the Company for its products for direct online supply.

REDEMPTIONS OF DEBENTURES:

During the year the Company has redeemed the outstanding Secured Non Convertible Debentures by paying Rs.105 lacs.

SUBSCRIPTION TO PREFERENCE SHARES:

During the year your Company has subscribed Rs.200 lacs in respect of preference shares issued by Mipco Seamless Rings (Gujarat) Limited who are major suppliers of raw materials to your Company. There has been no cash outflow of the Company's funds as the interest free deposit placed with Mipco for renting of one of their factory sheds was utilized for the purpose.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act 1956, your Directors confirm the following:-

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanatory statement relating to material departures.
2. The Directors have selected such accounting policies and applied them 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 on March 31, 2001 and of the Profit and Loss Account of the Company for the year ended on that date.
3. The Directors have taken proper and sufficient care 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.
4. These accounts have been prepared on a going concern basis.

AUDIT COMMITTEE:

As per the provisions of Section 292-A of the Companies Act, 1956, the Board has formed an Audit Committee consisting of Mr. V.C. Vaidya, Mr P.M. Patel, Mr. S.M. Patel. Mr. V.C. Vaidya is appointed as the Chairman of the Audit Committee. The Audit Committee met once before the finalisation of Accounts of the Company for the year ended 31st March, 2001. The requirements of compliance with the code of Corporate Governance as per Clause 49 of the listing agreement with The Stock Exchange, Mumbai, are applicable to your Company during the financial year 2001-02. The Audit Committee would meet periodically in 2001-02 and give its report and recommendations to the Board of Directors for Corporate Governance.

DIVIDEND:

In view of carried forward losses, your Directors are unable to recommend any dividend for the year ended 31st March, 2001.

FIXED DEPOSITS:

The Company has not accepted or renewed any Fixed Deposits from Public during the year under Section 58A of the Companies Act, 1956. Deposits of Rs.2.18 lacs due for repayment on or before 31st March 2001 were not claimed by the depositors as an that date.

DIRECTORS :

The tenure of Mr. M Patel, as Chairman & Managing Director and Mr. P.M. Patel as Managing Director of the Company, is expiring by 31st December, 2001 and 31st July, 2001 respectively. Necessary resolution is included in the notice for their re-appointment. As per Article 104 of the Articles of Association of the Company, Directors

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