

# ABC

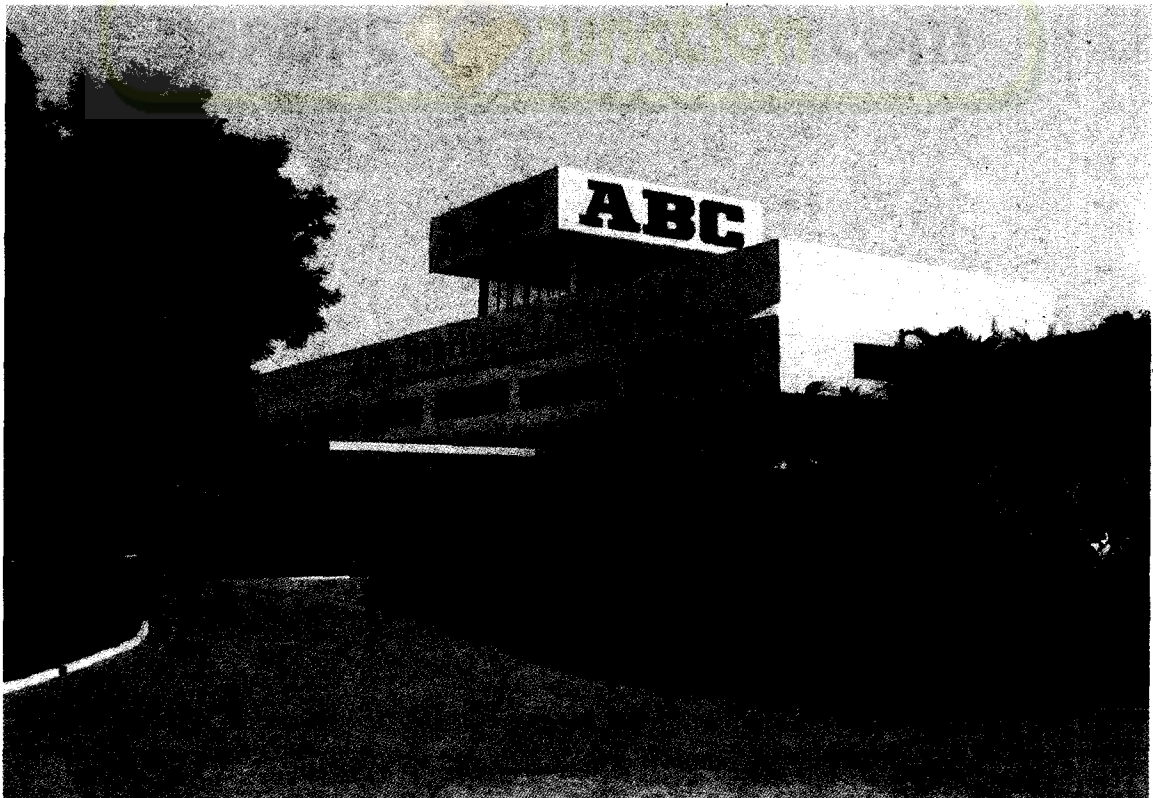
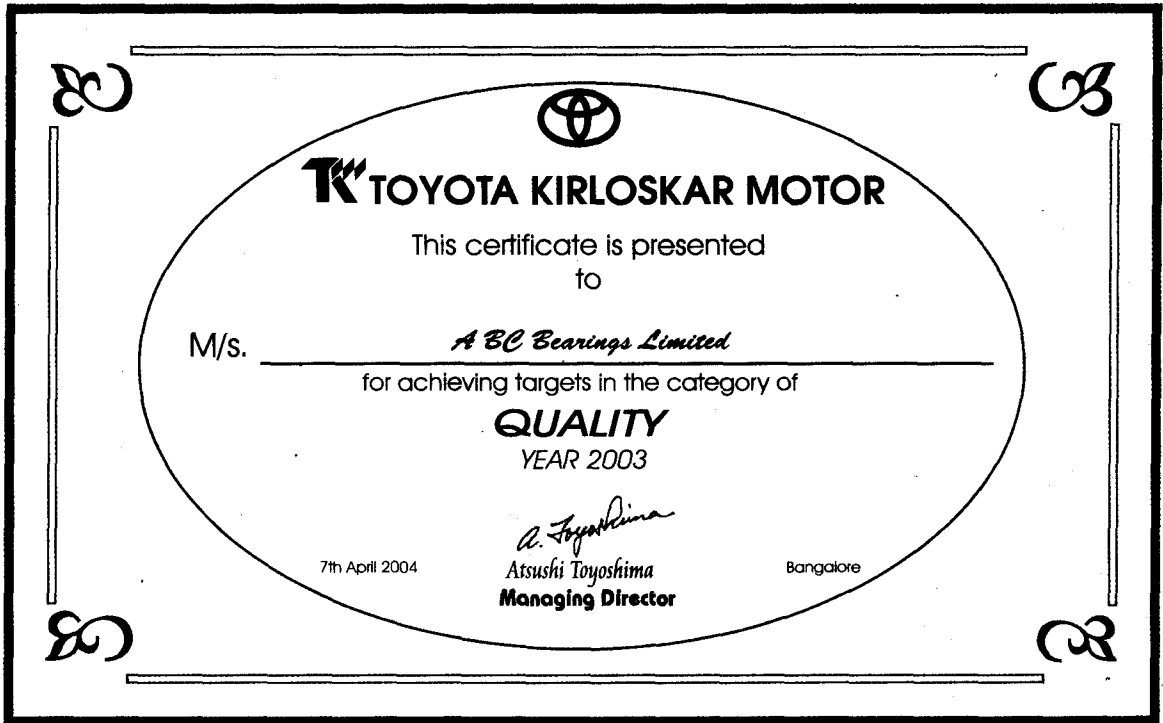


## ABC Bearings Limited



# 43

Annual Report  
2003-2004



Our New name grows with Greenery surround.  
A Path towards ISO 14000.

|                           |               |   |                              |
|---------------------------|---------------|---|------------------------------|
| <b>BOARD OF DIRECTORS</b> | S. M. Patel   | - | Chairman                     |
|                           | P. M. Patel   | - | Managing Director            |
|                           | T. M. Patel   | - | Executive Director           |
|                           | C. U. Shah    |   |                              |
|                           | Y. H. Malegam |   |                              |
|                           | S. K. Diwanji |   |                              |
|                           | V. C. Vaidya  |   |                              |
|                           | Jal R. Patel  | - | (with effect from 26.5.2004) |

**C.E.O.** B. N. Vidholia

**COMPANY SECRETARY** R. L. Somani

**AUDITORS** Parikh & Shah  
Chartered Accountants

**COST AUDITORS** B.J.D Nanabhoy & Co.  
Cost Accountants

**SOLICITORS** Desai & Diwanji  
Advocates & Solicitors

**BANKERS** Bank of Baroda  
Corporation Bank

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

**REGISTRARS & TRANSFER AGENTS** Bigshare Services Pvt. Ltd.  
E-2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai 400 072.

- 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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## ABC Bearings Limited

## NOTICE

NOTICE is hereby given that the Forty-third Annual General Meeting of the Members of **ABC Bearings Limited** will be held on Tuesday, the 20th July, 2004 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, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2004 and the Profit and Loss Account 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. Y.H. Malegam, 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 modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. Jal R. Patel, who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 26<sup>th</sup> May, 2004 and pursuant to the provisions of Section 260 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member of the Company pursuant to Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, for the time being in force, or as amended from time to time, including any Statutory modification or re-enactment thereof and subject to the approval of all concerned authorities, if any, and subject to all applicable guidelines issued from time to time, the Company hereby approves the revision and variation in the terms of remuneration of Mr. P.M. Patel, Managing Director as mentioned in the Explanatory Statement, for the period from 1<sup>st</sup> April, 2004 to 31<sup>st</sup> July, 2006 i.e., upto the remainder of his tenure, all other terms and conditions of his appointment, as approved earlier by the Shareholders remaining unchanged."

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including powers conferred by this Resolution) be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances, etc. within such limit or ceiling as may be prescribed under such amendment, modification or relaxation and the Agreement between the Company and the Managing Director be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company."

"RESOLVED FURTHER THAT where in any financial year during the currency of tenure of 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."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds and things as may be considered necessary, proper and expedient to give effect to this Resolution."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, for the time being in force, or as amended from time to time, including any Statutory modification or re-enactment thereof and subject to the approval of all concerned authorities, if any, and subject to all applicable guidelines issued from time to time, the Company hereby approves the revision and variation in the terms of remuneration of Mr. T.M. Patel, Executive Director as mentioned in the Explanatory Statement, for the period from 1<sup>st</sup> April, 2004 to 31<sup>st</sup> January, 2008, i.e., upto the remainder of his tenure, all other terms and conditions of his appointment, as approved earlier by the Shareholders remaining unchanged."

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, which the Board may constitute to exercise its powers, including powers conferred by this Resolution) be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances, etc. within such limit or ceiling as may be prescribed under such amendment, modification or relaxation and the Agreement between the Company and the Executive Director be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company."

"RESOLVED FURTHER THAT where, in any financial year during the currency of tenure of the Executive 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."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds and things as may be considered necessary, proper and expedient to give effect to this Resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 309(1) and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Central Government and all concerned authorities, the consent of the Company be and is hereby accorded for appointment of Mr. S.M. Patel, a Director of the Company as Financial Advisor of the Company on a fees of Rs. 1,00,000/- (Rupees One Lac only) per month with entitlement of reimbursement of actual expenses incurred by him in the performance of his duties and he be also provided with a car and maintenance thereof for official use in discharging his duties."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds and things as may be considered necessary, proper and expedient 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 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 Tuesday, the 6th July, 2004 to Tuesday, the 20th July, 2004 (both days inclusive).
4. Pursuant to Section 205A of the Companies Act, 1956, the unclaimed dividend upto the financial year ended 31<sup>st</sup> March, 1996 has been transferred to Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956. The members who have not encashed the dividend warrants for the year ended 31<sup>st</sup> March, 1997 and 31<sup>st</sup> March, 1998, may approach the Company for obtaining duplicate warrants.
5. As per SEBI's Notification dated 16<sup>th</sup> 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 INE779A01011. 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 send all future correspondence in respect of their change of address and transfer of shares etc., directly to the Share Transfer Agents at the following address :

BIGSHARE SERVICES PVT. LTD.                      TEL. NOS. : 28473747  
 E-2, ANSA INDUSTRIAL ESTATE,                      56936291  
 SAKIVIHAR ROAD, SAKI NAKA,                      FAX NO. : 28475207  
 ANDHERI (E), MUMBAI 400 072.

9. Members are requested to quote their Folio/DP ID Number(s) in all correspondence with the Company's Share Transfer Agents.
10. Members / Proxies should bring the attendance slip duly filled-in for attending the meeting.
11. Members are requested to bring their copy of Annual Report to the Meeting.

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

Date : 26<sup>th</sup> May, 2004

By Order of the Board of Directors

**R. L. Somani**  
 Company Secretary

**ABC Bearings Limited****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No.6 :**

Mr. Jal R. Patel was appointed as an Additional Director of the Company in the meeting of the Board of Directors held on 26th May, 2004. He will hold office of Director upto the date of the ensuing Annual General Meeting. The Company has received notice in writing along with deposit of Rs.500/- from a member, proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956.

Mr. Jal R. Patel, is a Financial and Management Consultant. He is an Associate Member of Institute of Company Secretaries of India and Institute of Chartered Accountants of India. He has 32 years of experience in Bearing Industry.

Your Directors recommend the resolution as set out in item No.6 of the Notice, for your approval.

None of the Directors of the Company except Mr. Jal R. Patel is in any way concerned or interested in the resolution.

**Item No.7 :**

Mr. P.M. Patel has been associated with the Company since last three decades and under his able guidance and supervision, the Company's business has improved. Considering the valuable contribution made by him to the Company and his expertise in the Bearing Industry, the Remuneration Committee in its meeting held on 26th May, 2004 has recommended to increase the remuneration payable to him for the remaining period of his tenure i.e. upto 31st July, 2006.

The Board of Directors of the Company at its meeting held on 26th May, 2004, unanimously resolved to increase the remuneration payable to Mr. P.M. Patel, Managing Director, from 1st April, 2004 for the remaining period of his term of appointment i.e. upto 31st July, 2006, subject to the approval of the Company in Annual General Meeting. The terms and conditions including remuneration payable to Mr. P.M. Patel are as under:

- Salary : Rs.2,75,000/- (Rupees Two Lacs Seventy Five Thousand Only) per month from 1st April, 2004, with annual increment of 10%.
- 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.
- Perquisites & Allowances : In addition to salary, 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, reimbursement of actual expenditure on medical treatment for self and family, leave travel for self and family, club fees, medical/accident insurance, and such other perquisites subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956.

Minimum Remuneration : Notwithstanding anything herein contained, where, in any financial year during the currency of tenure of 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.

All other terms and conditions remain unchanged.

The Managing Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

The particulars set out above may be treated as an abstract of the Supplemental Agreement, proposed to be entered into between the Company and Mr. P.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. P.M. Patel himself, Mr. S.M. Patel and Mr. T.M. Patel being brothers and as such related to each other.

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

The Board of Directors recommend the resolution for approval of the members. The draft Supplemental Agreement, referred to above, to be entered into with Mr. P.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.8 :**

Mr. T.M. Patel has been associated with the Company since last two decades and under his able guidance and supervision, the Company's business has improved. Considering the valuable contribution made by him to the Company and his expertise in the Bearing Industry, the Remuneration Committee in its meeting held on 26th May, 2004 has recommended to increase the remuneration payable to him for the remaining period of his tenure, i.e. upto 31st January, 2008.

The Board of Directors of the Company at its meeting held on 26th May, 2004, unanimously resolved to increase the remuneration payable to Mr. T.M. Patel, Executive Director, from 1st April, 2004 for the remaining period of his term of appointment i.e. upto 31st January, 2008, subject to the approval of the Company in Annual General Meeting. The terms and conditions including remuneration payable to Mr. T.M. Patel are as under:

- Salary : Rs.2,65,000/- (Rupees Two Lacs Sixty Five Thousand Only) per month from 1st April, 2004, with annual increment of 10%.
- 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.
- Perquisites & 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, maintenance and upkeep, monthly outgoings, cost of repairs, furnishings, payment of actual expenses for gas, electricity, water, reimbursement of actual expenditure on medical treatment for self and family, leave travel for self and family, club fees, medical/accident insurance, and such other perquisites subject to overall ceiling of remuneration stipulated in Sections 198 and 309 of the Companies Act, 1956.

Minimum Remuneration : Notwithstanding anything herein contained, where, in any financial year during the currency of tenure of the Executive 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.

All other terms and conditions remain unchanged.

The Executive Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

The particulars set out above may be treated as an abstract of the Supplemental 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.

Mr. T.M. Patel shall not be subject to retirement by rotation during his tenure in office as Executive Director of the Company, in accordance with the provisions of the Articles of Association of the Company.

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

The draft Supplemental 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.9 :**

Mr. S.M. Patel is associated with the Company since more than two decades and under his able guidance and supervision, the Company has not only prospered but has been able to reduce the Interest and Financial charges from Rs.1053.48 Lacs in 2000-01 to Rs.342.00 Lacs in 2003-04, by restructuring the debts of the Company. He also syndicated cheap funds from overseas and effectively helped in

reducing the interest cost of the Company.

Mr. S.M. Patel is having qualifications of C.A. (Inter) from Kenya and also Diploma in Accountancy & Finance. Considering his rich experience in the Bearing Industry especially in finance, it is proposed to avail his services as Financial Advisor on a fees of Rs.1,00,000 (Rupees One Lac only) per month with entitlement of reimbursement of actual expenses incurred by him in the performance of his duties. He will also be provided with a car and maintenance thereof for official use in discharging his duties.

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

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.

By Order of the Board of Directors

Place: Mumbai  
Date : 26<sup>th</sup> May, 2004

R. L. Somani  
Company Secretary

IN ACCORDANCE WITH THE REQUIREMENTS OF SCHEDULE XIII TO THE COMPANIES ACT, 1956, AS AMENDED, A STATEMENT PROVIDING THE REQUIRED INFORMATION FOR THE APPOINTMENT AND PAYMENT OF REMUNERATION TO MANAGERIAL PERSONNEL IS GIVEN BELOW :

#### I General Information

1. Nature of Industry : ABC Bearings Limited is in the business of manufacturing and selling of various types of bearings.
2. Date or expected date of commencement of commercial production : The Company is having three plants. One is at Lonavla in Maharashtra and the other two plants are at Bharuch in Gujarat and all these plants are already in Commercial Production.
3. In case of New Companies, expected date of commencement of activities as per projects approved by Financial Institutions appearing in the prospectus : Not Applicable.
4. Financial Performance based on given indicators : Financial Year : 2003-04 a) Effective Capital Rs. 2954.06 lacs. b) Total Income Rs. 9735.90 lacs. c) Profit Rs. 621.86 lacs. d) Dividend declared Rs. 173.25 lacs.
5. Export performance and net Foreign Exchange collaborations : During the year ended 31<sup>st</sup> March, 2004, the Company has earned foreign exchange equivalent to Rs.1.52 Crores.
6. Foreign investments or collaborators, if any : The Company has not made any investments outside India. It has entered into a Technical Collaboration with M/s. NSK Ltd., Japan, one of the world leaders in the field.

#### II Information about the appointee :

##### Mr. P.M.PATEL

##### Mr. T.M.PATEL

1. Background details : Mr. P.M. Patel is a Director of the Company having been associated with the Company since last three decades. He is working in the capacity of Managing Director since 1991.
2. Past remuneration : Mr. P.M. Patel Managing Director was drawing a monthly basic salary of Rs.1,20,000/- (Rupees One Lac Twenty Thousand only) plus other allowances and perquisites.
3. Recognition/Awards : Ex-President of Ball and Roller Bearing Manufacturers Association of India (BRBMA). Presently a Member of the Executive Committee of BRBMA.
4. Job profile and his suitability : Mr. P.M. Patel, is a graduate from University of Bombay with an M.B.A. from USA and has been associated with the Company since last three decades. He has been responsible for the operations of the Company under the superintendence, direction and control of the Board. Under his able leadership, the Company has grown manifold. Due to his expertise in the Management, the Company could build an enviable brand-equity for the Company through sustained quality standards in its product.
5. Remuneration proposed : Keeping in view his responsibility and role in the development of the Company, it is proposed to increase his monthly basic salary to Rs.2,75,000/- (Rupees Two Lacs Seventy Five Thousand only), plus perquisites and other allowances in accordance with the rules of the Company or as per the agreed terms. Further, he would also be entitled for commission on the net profits of the Company.
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person. : The salary structure of the managerial personnel has undergone a major change in the industry in the recent past. Keeping in view the type of the Industry, size of the Company, the responsibilities and capabilities of Mr. P.M. Patel, the proposed remuneration is comparable with the remuneration paid by other Companies for similar positions.
7. Any pecuniary relationship : Mr. P.M. Patel is a Director of the Company. Further, he is related to Mr. S.M. Patel and Mr. T.M. Patel, Directors of the Company.

Mr. T.M. Patel is a Director of the Company having been associated with the Company since last two decades. He is working in the capacity of Executive Director since 1993.

Mr. T.M. Patel Executive Director was drawing a monthly basic salary of Rs. 1,10,000/- (Rupees One Lac Ten Thousand only) plus other allowances and perquisites. Alternate member of Ball and Roller Bearing Manufacturers' Association of India.

Mr. T.M. Patel, who has completed B.S. from USA, has been associated with the Company since last two decades.

He has been responsible for the operations of the Company's Bharuch Plant under the superintendence, direction and control of the Board.

Under his able leadership, the Company has grown manifold. Due to his expertise in the Management, the Company could build an enviable brand-equity for the Company through sustained quality standards in its product.

Keeping in view his responsibility and role in the development of the Company, it is proposed to increase his monthly basic salary to Rs. 2,65,000/- (Rupees Two Lacs Sixty Five Thousand only), plus perquisites and other allowances in accordance with the rules of the Company or as per the agreed terms. Further, he would also be entitled for commission on the net profits of the Company.

The salary structure of the managerial personnel has undergone a major change in the industry in the recent past. Keeping in view the type of the Industry, size of the Company, the responsibilities and capabilities of Mr. T.M. Patel, the proposed remuneration is comparable with the remuneration paid by other Companies for similar positions.

Mr. T.M. Patel is a Director of the Company. Further, he is related to Mr. S.M. Patel and Mr. P.M. Patel, Directors of the Company.

#### III Other information

1. Reason for loss or inadequacy of profits : Not Applicable.
2. Steps taken / Proposed to be taken for improvement : Not Applicable.
3. Expected increase in productivity/ profit : The prospect for the financial year 2004-05 seems to be encouraging and the Company is hopeful of achieving good performance with substantial increase in gross revenue

#### IV Disclosures

1. The Remuneration package proposed to be paid to Mr. P.M. Patel, Managing Director & Mr. T.M. Patel, Executive Director, is as per the Resolution given in the Notice.

## ABC Bearings Limited

## DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Forty-third Annual Report with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2004.

## FINANCIAL RESULTS :

|   | Year ended<br>31.03.2004<br>Rs. in lacs | Year ended<br>31.03.2003<br>Rs. in lacs |
|---|---|---|
| Gross Profit before Interest,<br>Depreciation and Tax | 1995.14                                 | 1372.80                                 |
| Less: Interest & Finance Charges                      | 342.00                                  | 608.24                                  |
| Depreciation  | <u>676.85</u>                           | <u>546.69</u>                           |
| Profit before Tax                                     | 976.29                                  | 217.87                                  |
| Add: Income Tax Refund Received                       | 7.29                                    | -                                       |
| Less: Provision for tax                               |   |   |
| Current tax   | (91.00)                                 | (10.56)                                 |
| Deferred tax  | <u>(270.72)</u>                         | <u>(61.41)</u>                          |
| Profit after tax                                      | 621.86                                  | 145.90                                  |
| Add: Balance brought forward from<br>previous year    | <u>(388.18)</u>                         | <u>(534.08)</u>                         |
| Amount available for appropriations                   | <u>233.68</u>                           | <u>(388.18)</u>                         |
| Appropriations :                                      |   |   |
| Proposed Dividend                                     | 173.25                                  | -                                       |
| Tax on proposed dividend                              | 22.20                                   | -                                       |
| Transfer to General Reserves                          | 31.10                                   | -                                       |
| Balance carried to Balance Sheet                      | 7.13                                    | <u>(388.18)</u>                         |
|   | <u>233.68</u>                           | <u>(388.18)</u>                         |

## OPERATIONS :

Your Company's results for the year ended 31<sup>st</sup> March, 2004 showed a remarkable recovery with profit after tax standing at Rs.621.86 lacs as against Rs.145.90 lacs during the corresponding period of the previous year. Exports increased from Rs.241.09 lacs during F.Y 2002-03 to Rs.410.05 lacs during the year under report.

The GDP growth during 2003-04 have been around 8.1% as against 4% during previous year. The general index of industrial production (IIP) has been nearly 7% as against 6% in the previous year. The automotive sector has taken a good lead in the growth of economy.

While commercial vehicles segment continued with good growth, tractor industry, which is another industry on which your Company is greatly dependent, also showed signs of improvement, due to good monsoon. Steel prices continued to rise throughout the year, a part of which could only be covered by increase in the sales price. Improved production and productivity, cost control and lower interest burden, helped the Company to achieve a healthy bottom line. The Company's performance was backed by strong support from OEMs as also operational efficiency and good planning.

## DIVIDEND :

The Directors have recommended a dividend of Rs.1.50 per Equity Share on 1,15,50,000 Equity Shares of Rs.10/- each for the financial year ended 31<sup>st</sup> March, 2004, which, 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 20<sup>th</sup> July, 2004 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.

The dividend pay out for the year under review has been formulated in accordance with the Company's policy of striving to pay stable dividend linked to long term performance, keeping in view the Company's need for capital, its growth plans and the intent to finance such plans through internal accruals to the maximum. Your Directors believe that this

would increase shareholder value and eventually lead to a higher return threshold.

## COLLABORATION :

NSK Japan, who are your Company's technology partner, continue to assist significantly in updating processes and quality, in line with international standards. It helped your Company to get Quality Award from Toyota Kirloskar Motor Ltd. (TKM) for the second year in a row.

## QUALITY CERTIFICATION :

Your Company's plants continue to enjoy the ISO 9001 and QS 9000 Certification and most of the customers have awarded self-certification to the Company for its products for Direct Online Supply. Significantly, Toyota Kirloskar Motor Limited [TKM] has presented your Company with the ZERO PPM LEVEL SUPPLIER FOR THE YEAR 2003-04 Award for the second year in a row.

## DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act 1956, the Directors report that :

- i. in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii. such accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that year.
- iii. proper and sufficient care has been taken 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.
- iv. the annual accounts have been prepared on a going concern basis.

## FIXED DEPOSITS :

Deposits amounting to Rs.0.26 lacs matured on or before 31<sup>st</sup> March, 2004, were not claimed by the depositors as on that date.

## DIRECTORS :

Mr. C.U. Shah and Mr. Y.H. Malegam retire by rotation and being eligible, offer themselves for reappointment. Necessary resolutions for their reappointment are being placed before the members for their approval.

Mr. Jal R. Patel, aged 66 years, a Non-Executive Independent Director, was appointed as Additional Director of the Company at the Board of Directors meeting held on 26<sup>th</sup> May, 2004. Mr. Jal R. Patel holds office upto the ensuing Annual General Meeting. A Notice under Section 257 of the Companies Act, 1956, has been received from a member, along with requisite deposit, proposing the appointment of Mr. Jal R. Patel as the Director of the Company.

## CORPORATE GOVERNANCE :

Your Company has complied with the requirements of the Code of Corporate Governance in accordance with Clause 49 of the Listing Agreement with BSE. A separate report on Corporate Governance along with Auditors' certificate on its compliance is attached to this



Report. Management Discussion and Analysis, as prescribed by the Listing Agreement, also forms a part of the Annual Report.

### REPORT ON ENERGY CONSERVATION AND RESEARCH AND DEVELOPMENT ACTIVITIES :

Information relating to Energy Conservation, Foreign Exchange Earned and Spent and Research and Development activities undertaken by the Company 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, is given in the annexure to the Directors' Report.

### AUDITORS :

M/s. Parikh & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### COST AUDITORS :

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have appointed M/s. B. J. D. Nanabhoy & Co., Cost Accountants, as the Cost Auditors to conduct cost audit of the product 'bearing' for the year 2004-05, subject to the approval of the Central Government. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### PARTICULARS RELATING TO EMPLOYEES :

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not given, as none of the employees has drawn remuneration in excess of the limits set therein.

### ACKNOWLEDGEMENT :

The Directors wish to place on record their deep sense of appreciation for the committed services of the employees of the Company at all levels. The Directors also express their sincere appreciation for the assistance and co-operation received from Financial Institutions, Banks, Customers and Dealers, during the year.

For and on behalf of the Board

Place: Mumbai  
Date : 26<sup>th</sup> May, 2004

**S.M.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 :

The Company continued with its various energy conservation measures, such as :

1. Contract demand in Plant I of Bharuch was reduced from 1000 KVA to 450 KVA.
2. Heat losses from cast link furnace were arrested.
3. High Power loads were staggered.
4. Average power factor improved further over last year.
5. Optimum utilisation of high energy consumption areas like furnaces and compressors.
6. Conventional temperature controllers have been replaced with FTD controllers.
7. High energy consumption and low productivity machines have been discontinued from operations.
8. DC motors have been replaced by soft start drives.

The above resulted in substantial savings for the Company.

### B. TECHNOLOGY ABSORPTION :

Technology absorption is done on a continuous basis, however, during the year, significant emphasis was laid on the following :

1. Introduction of full compliment bearing for Toyota Kirloskar Motor Ltd.
2. Introduction of new bearings that would substitute imports.
3. Upgradation of product designs of various bearings to suit customer requirements.
4. Improvement in manufacturing process and system to reduce cost and in-process rejection.
5. Training of ABC personnel in various disciplines by deputation to NSK plants in Japan and visit of NSK experts to ABC plants.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

|          |   |                 |
|----------|---|-----------------|
| Earnings | : | Rs.410.05 lacs  |
| Outgo    | : | Rs.258.35 lacs. |