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Report Junction

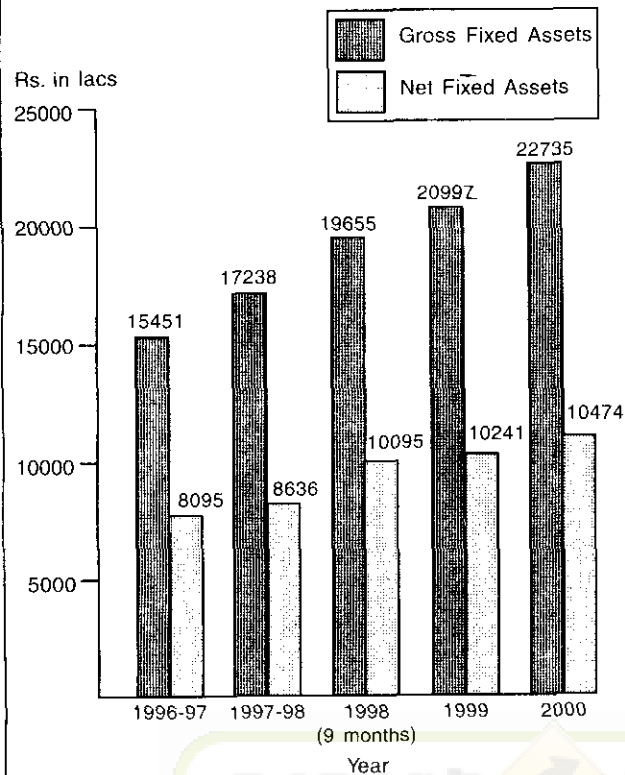


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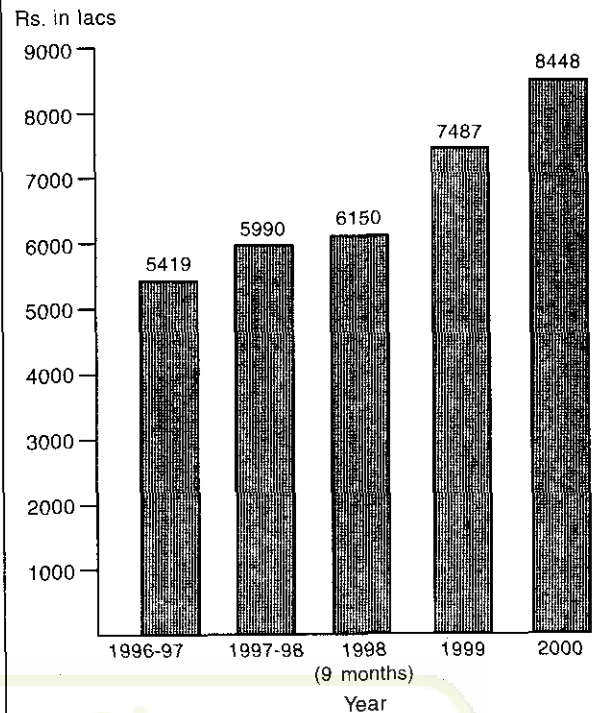
FAG Bearings India Ltd.

PERFORMANCE HIGHLIGHTS

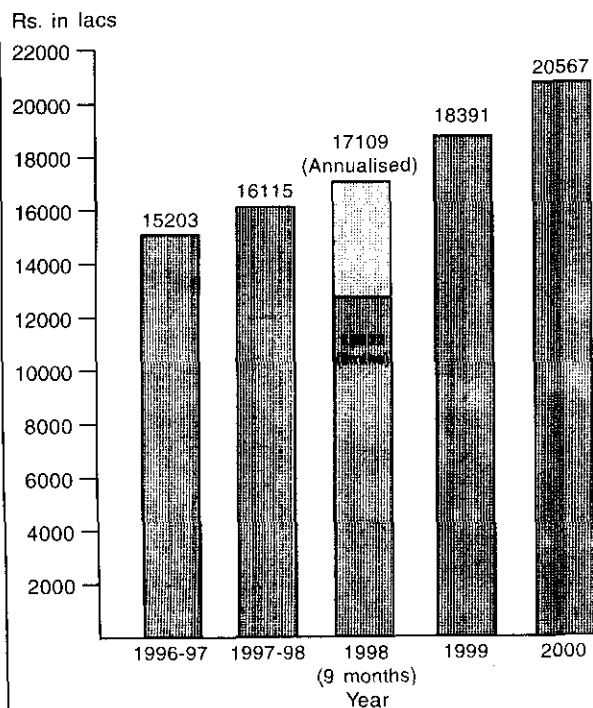
Fixed Assets



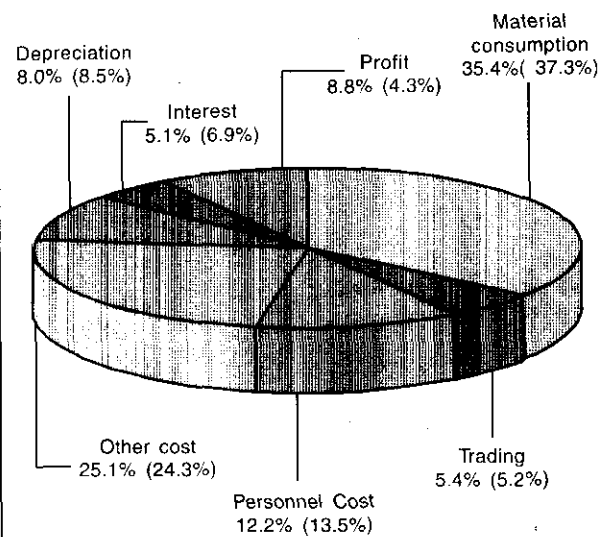
Net Worth



Sales (Net)



How Rupee was spent



Brackets denote previous year's figures

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		<i>Nominee of GIC</i> Swarup N. Mathur
		<i>Nominee of IDBI</i> Sumanth P. Tawde
		<i>Alternate to G. Morber</i> Yezad S. Kapadia
		<i>Alternate to F. Huber</i> Sampath Kumar
		<i>Alternate to Dr. U. Loos</i> Kamlesh C. Tapadar
		<i>Secretary</i> Hemant R. Shukla
		Bankers
		Union Bank of India
		State Bank of India
		ICICI Bank Limited
		Central Bank of India
		Deutsche Bank
		Auditors A.F. Ferguson & Co.
		Cost Auditors B.J.D. Nanabhoy & Co.
		Tax Auditors O.P. Rathi & Co.
		Solicitors Mulla & Mulla & Craigie Blunt & Caroe Remfry & Sagar
		Collaborators FAG Group of Companies, Germany
Registered Office :		Head Office & Works Maneja, Vadodara - 390 013
Nariman Bhavan, 227, Backbay Reclamation, Nariman Point, Mumbai - 400 021		Sales Offices Chennai, Kolkata, Mumbai, New Delhi, Pune

FAG Bearings India Limited

Notice to Members

Notice is hereby given that the Thirty-Eighth Annual General Meeting of FAG BEARINGS INDIA LIMITED will be held on Thursday, June 21, 2001 at 3.00 p.m. at M.C. Ghia Hall, 18/20 Kaikhushru Dubash Marg, Mumbai-400 023 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the balance sheet as at December 31, 2000 and the profit and loss account for the year ended on that date, and the reports of the Auditors and the Board of Directors thereon.
2. To declare dividend for the year ended December 31, 2000.
3. To appoint a Director in place of Dr. G. Hanke who retires by rotation, and is eligible for re-appointment.
4. To appoint a Director in place of Dr. U. Loos who retires by rotation, and is eligible for re-appointment.
5. To appoint a Director in place of Dr. G. Vogel who retires by rotation, and is eligible for re-appointment.
6. To reappoint Messrs A.F. Ferguson & Co., Chartered Accountants, as auditors and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT unless otherwise determined by the Company in general meeting and subject to the right of the Board of Directors of the Company to appoint additional Directors and Alternate Directors, the number of Directors be and the same is hereby increased from 12 to 15."

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

"RESOLVED THAT pursuant to Sections 198, 269, 309 and 311 and Schedule XIII of the Companies Act, 1956 (hereinafter referred to as the Act) as amended and other applicable provisions, if any, of the said Act, the approval of the Company be and is hereby accorded to the appointment of Mr. D. Jagannath as Managing Director of the Company (hereinafter referred as the Managing Director) as a non-rotational Director for a period of five years with effect from January 1, 2001 on such remuneration as may be determined by the Board of Directors from time to time within the maximum limits specified below-

By way of salary a maximum of Rs. 12 lacs (Rupees twelve lacs) per annum and by way of commission at the rate of 25% of salary, a maximum of Rs. 3 lacs (Rupees three lacs) per annum.

PROVIDED HOWEVER THAT

- a. In addition to the above, the Managing Director shall also be entitled to perquisites in the form of residential accommodation, or rent/allowance in lieu thereof, gas, electricity, water and furnishings, leave travel concession for self and family, club fees, personal accident insurance and other allowances and reimbursements in accordance with the rules of the Company, the aggregate value of such perquisites being restricted to Rs. 4 lacs (Rupees four lacs) per annum exclusive of perquisite value of residential accommodation or rent /allowance in lieu thereof.
- b. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income tax rules wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.
- c. Medical expenses
Reimbursement of actual medical expenses incurred in India and/or abroad (subject to the Exchange Control Regulations) and including hospitalization, nursing home and surgical charges for himself, wife and dependant children within the overall limit of Rs. 4 lacs per annum for all perquisites.
- d. Provision for use of Company's car for official duties and telephone at residence (including cost of local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the above ceiling.

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- e. Company's contribution to Provident Fund and Superannuation Fund to the extent these, singly or together, are not taxable under the Income Tax Act, provision/payment of Gratuity and encashment of leave as per the rules of the Company shall be in addition to the limits for remuneration or perquisites aforesaid.
- f. The Board of Directors may in their discretion, pay to the Managing Director lower remuneration than the maximum remuneration herein-before stipulated and increase the same from time to time within the maximum limits stipulated by this resolution.
- g. Performance bonus not exceeding 33% of his salary per annum which may be decided by the Board of Directors in accordance with the rules as applicable to Whole-time Directors of the Company from time to time and the same shall be in addition to the limits of remuneration or perquisites aforesaid.

"RESOLVED FURTHER THAT subject to the approval of the Central Government, if required, the salary, commission and perquisites set out above be paid or granted to Mr. Jagannath as minimum remuneration notwithstanding the provisions of Section II Part II of Schedule XIII of the Act, for any financial year during the tenure of Mr. Jagannath, when the Company has no profit or inadequate profit".

"PROVIDED FURTHER THAT if in any financial year, when the Company has no profit or inadequate profit, the Managing Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on minimum remuneration specified above.

- (a) Contribution to Provident Fund and Superannuation Fund to the extent these, singly or together, are not taxable under the Income-Tax Act, 1961,
 - (b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and
 - (c) Encashment of leave at the end of the tenure.
9. To consider, and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution.

"RESOLVED THAT pursuant to Sections 198, 269, 309 and 311 and Schedule XIII of the Companies Act, 1956 (hereinafter referred to as the Act) as amended and other applicable provisions, if any, of the said Act, the approval of the Company be and is hereby accorded to the appointment of Mr. S.V. Joglekar as the Whole-time Director as a rotational Director of the Company, hereinafter referred as the Director (Resources), for a period of five years with effect from January 1, 2001 on such remuneration as may be determined by the Board of Directors from time to time within the maximum limits specified below-

By way of salary a maximum of Rs. 9 lacs (Rupees nine lacs) per annum and by way of commission at the rate of 25% of salary, a maximum of Rs. 2.25 lacs (Rupees two lacs twenty five thousand) per annum.

PROVIDED HOWEVER THAT

- a. In addition to the above, the Director (Resources) shall also be entitled to perquisites in the form of residential accommodation, or rent/allowance in lieu thereof, gas, electricity, water and furnishings, leave travel concession for self and family, club fees, personal accident insurance and other allowances and reimbursements in accordance with the rules of the Company, the aggregate value of such perquisites being restricted to Rs. 3 lacs (Rupees three lacs) per annum exclusive of perquisite value of residential accommodation or rent / allowance in lieu thereof.
- b. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income tax rules wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.
- c. Medical expenses
Reimbursement of actual medical expenses incurred in India and/or abroad (subject to the Exchange Control Regulations) and including hospitalization, nursing home and surgical charges for himself, wife and dependant children within the overall limit of Rs. 3 lacs per annum for all perquisites.
- d. Provision for use of Company's car for official duties and telephone at residence (including cost of local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the above ceiling.

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- e. Company's contribution to Provident Fund and Superannuation Fund to the extent these, singly or together, are not taxable under the Income Tax Act, provision/payment of Gratuity and encashment of leave as per the rules of the Company shall be in addition to the limits for remuneration or perquisites aforesaid.
- f. The Board of Directors may in their discretion, pay to the Director (Resources) lower remuneration than the maximum remuneration herein-before stipulated and increase the same from time to time within the maximum limits stipulated by this resolution.
- g. Performance bonus not exceeding 25% of his salary per annum which may be decided by the Board of Directors in accordance with the rules as applicable to Whole-time Directors of the Company from time to time and the same shall be in addition to the limits of remuneration or perquisites aforesaid.

"RESOLVED FURTHER THAT subject to the approval of the Central Government, if required, the salary, commission and perquisites set out above be paid or granted to Mr. Joglekar as minimum remuneration notwithstanding the provisions of Section II Part II of Schedule XIII of the Act, for any financial year during the tenure of Mr. Joglekar, when the Company has no profit or inadequate profit".

"PROVIDED FURTHER THAT if in any financial year, when the Company has no profit or inadequate profit, the Director (Resources) shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on minimum remuneration specified above.

- (a) Contribution to Provident Fund and Superannuation Fund to the extent these, singly or together, are not taxable under the Income-Tax Act, 1961,
 - (b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and
 - (c) Encashment of leave at the end of the tenure.
10. To consider, and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution.

"RESOLVED THAT pursuant to Sections 198, 269, 309 and 311 and Schedule XIII of the Companies Act, 1956 (hereinafter referred to as the Act) as amended and other applicable provisions, if any, of the said Act, the approval of the Company be and is hereby accorded to the appointment of Mr. B. N. Vidholia as the Whole-time Director as a rotational Director of the Company, hereinafter referred as the Director (Marketing), for a period of five years with effect from January 1, 2001 on such remuneration as may be determined by the Board of Directors from time to time within the maximum limits specified below-

By way of salary a maximum of Rs. 9 lacs (Rupees nine lacs) per annum and by way of commission at the rate of 25% of salary, a maximum of Rs. 2.25 lacs (Rupees two lacs twenty five thousand) per annum.

PROVIDED HOWEVER THAT

- a. In addition to the above, the Director (Marketing) shall also be entitled to perquisites in the form of residential accommodation, or rent/allowance in lieu thereof, gas, electricity, water and furnishings, leave travel concession for self and family, club fees, personal accident insurance and other allowances and reimbursements in accordance with the rules of the Company, the aggregate value of such perquisites being restricted to Rs. 3 lacs (Rupees three lacs) per annum exclusive of perquisite value of residential accommodation or rent/ allowance in lieu thereof.
- b. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income tax rules wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.
- c. Medical expenses
Reimbursement of actual medical expenses incurred in India and/or abroad (subject to the Exchange Control Regulations) and including hospitalization, nursing home and surgical charges for himself, wife and dependant children within the overall limit of Rs. 3 lacs per annum for all perquisites.
- d. Provision for use of Company's car for official duties and telephone at residence (including cost of local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the above ceiling.

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- e. Company's contribution to Provident Fund and Superannuation Fund to the extent these, singly or together, are not taxable under the Income Tax Act, provision/payment of Gratuity and encashment of leave as per the rules of the Company shall be in addition to the limits for remuneration or perquisites aforesaid.
- f. The Board of Directors may in their discretion, pay to the Director (Marketing) lower remuneration than the maximum remuneration herein-before stipulated and increase the same from time to time within the maximum limits stipulated by this resolution.
- g. Performance bonus not exceeding 25% of his salary per annum which may be decided by the Board of Directors in accordance with the rules as applicable to Whole-time Directors of the Company from time to time and the same shall be in addition to the limits of remuneration or perquisites aforesaid.

"RESOLVED FURTHER THAT subject to the approval of the Central Government, if required, the salary, commission and perquisites set out above be paid or granted to Mr. Vidholia as minimum remuneration notwithstanding the provisions of Section II Part II of Schedule XIII of the Act, for any financial year during the tenure of Mr. Vidholia, when the Company has no profit or inadequate profit".

"PROVIDED FURTHER THAT if in any financial year, when the Company has no profit or inadequate profit, the Director (Marketing) shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling on minimum remuneration specified above.

- (a) Contribution to Provident Fund and Superannuation Fund to the extent these, singly or together, are not taxable under the Income-Tax Act, 1961,
 - (b) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and
 - (c) Encashment of leave at the end of the tenure.
11. To consider and if thought fit, to pass, the following resolution, with or without modification, as an Ordinary Resolution.

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and charging by the Board of Directors of the Company of all or some of the immovable and movable properties of the Company, present and future whatsoever and wheresoever situated and the part or the whole of the undertaking of the Company, together with power to take over the management of the business and concern of the Company in certain events, to or in favour of Commerzbank to secure Rupee loan not exceeding Rs. 1300 lacs lent, agreed to be lent and advanced by Commerzbank to the Company for part of the capital expenditure/ long term working capital requirement together with interest thereon at the agreed rates, compound/additional interest, commitment charge, premia on prepayment, costs, charges, expenses and all other monies payable by the Company to Commerzbank in terms of their facility advice letter/loan/debenture subscription agreement entered into/to be entered into by the Company, in respect of the said loan."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with Commerzbank documents for creating aforesaid mortgage and charge and to agree to such terms and conditions which the said bank may stipulate and the Board may agree and to do all such acts, deeds, matters and things as may be necessary for giving effect to the above resolution."

Registered Office:
Nariman Bhavan,
227, Backbay Reclamation,
Nariman Point,
MUMBAI-400 021

By Order of the Board

H. R. Shukla
Secretary

Date : February 17, 2001

FAG Bearings India Limited**NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The instrument of proxy, duly completed, should be lodged at the Registered Office of the Company not less than forty eight hours before the commencement of the Annual General Meeting.
3. The relevant Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No. 7 to 11 set out above is annexed hereto.
4. The Company has notified closure of Register of Members and the Transfer Books from March 8, 2001 to March 16, 2001 (both days inclusive) for payment of dividend on equity shares. The Company will dispatch the dividend warrants around June 26, 2001. In respect of shares held in electronic form (demat shares), the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
5. Pursuant to the amendment to the Section 205A of the Companies Act, 1956 all unclaimed dividend will be transferred to the Investor Education and Protection Fund, as required by the Act by the date applicable thereto on establishment of the Fund by the Central Government. Prior to such transfer, the Company would inform the shareholder concerned the particulars of the unclaimed dividend. Shareholders who have not encashed the dividend warrants for 1995-96, 1996-97, 1997-98, 1998 or 1999 are requested to claim the amount from the Company immediately. Unclaimed dividends for 1994-95 and earlier years were deposited in time by the Company with General Revenue Account of the Central Government and shareholders may claim the same from the Registrar of Companies, Mumbai-400 033.
6. The proposed contracts with Mr. D. Jagannath, Managing Director, Mr. S.V. Joglekar, Director (Resources) and Mr. B. N. Vidholia, Director (Marketing) are available for inspection by the members at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all working days except Saturdays till the Annual General Meeting.
7. Members are also requested to intimate consolidation of different registered folios, if any, immediately to the Registrars and Transfer Agents of the Company.
8. Members are requested to intimate change, if any, in their registered address or bank accounts.
9. Shareholders are requested to bring their copies of Annual Report to the meeting.
10. Nomination facility is permitted by the Companies Act. The Company has amended the Articles of Association to implement this. The shareholders are requested to send their nomination forms to the Registrars.
11. Equity shares of the Company are listed on the Stock Exchange, Mumbai and National Stock Exchange, Mumbai and they are traded in dematerialised form as per the directive of SEBI. The listing fees are paid for 2000 - 2001.

Annexure to Notice

Explanatory statement under Section 173 of the Companies Act, 1956 relating to the Special Business mentioned in the notice convening the Annual General Meeting.

Item No. 7

At the last Annual General Meeting of the Company held on April 27, 2000, Mr. D. Jagannath, Mr. S.V. Joglekar and Mr. B. N. Vidholia were appointed as Alternate Directors. All three were Vice Presidents of the Company. They resigned from the position of Alternate Directors with effect from December 31, 2000. They were appointed as additional directors with effect from January 1, 2001 by the Board. Their appointments as such Directors increased the number of Directors on the Board, and in order to comply with the provisions of Section 258 of the Companies Act, 1956 this resolution at item No.7 of the Notice has been placed before the members. The Board may appoint one/two more Directors in future, therefore, the number is proposed to be increased to 15. The increase in the number of Directors is within the maximum number laid down in Article 121 of the Company's Articles of Association. The Board recommends the resolution for acceptance by shareholders.

Except the three Directors mentioned above, no other Director is in any way concerned or interested in this resolution.

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Item No. 8

The Board of Directors of the Company at its Meeting held on October 12, 2000, approved the appointment of Mr. D. Jagannath as an Additional Director and as the Managing Director with effect from January 1, 2001. At the meeting held on February 17, 2001, the Board approved the tenure of five years and also approved the draft agreement setting out the terms and conditions including the remuneration payable to him.

A new agreement will be entered into between the Company and Mr. Jagannath with effect from January 1, 2001 as per the draft.

Mr. D. Jagannath is a Mechanical Engineer and MBA and has experience at very senior level in other Companies as well as in FAG India from October, 1998.

The Directors considered that his services will be useful to the Company and that it was in the interest of the Company that Mr. D. Jagannath be appointed as the Managing Director.

Mr. Jagannath will be a non-rotational Director as per the Articles of Association.

The material terms and conditions of the draft agreement including remuneration are as follows:

A. DESIGNATION

Mr. D. Jagannath, Managing Director

B. DURATION

Five years from January 1, 2001, subject to earlier termination by either party by six months prior notice, provided that the Company shall be entitled to terminate the agreement by giving six months salary in lieu of notice.

C. DUTIES

Mr. D. Jagannath shall devote the whole of his time and attention to the business of the Company and perform such duties and exercise such powers as may be assigned to or vested in him by the Board of Directors from time to time.

D. REMUNERATION AND PERQUISITES

By way of salary a maximum of Rs. 12 lacs (Rupees twelve lacs) and commission at the rate of 25% of his salary, maximum of Rs. 3 lacs (Rupees three lacs) per annum. The above limit is, however, exclusive of

- i) residential accommodation or rent / allowance in lieu thereof,
- ii) certain perquisites for which a separate limit of Rs. 4 lacs (Rupees four lacs) per annum has been provided,
- iii) Provident fund and superannuation fund to the extent these, singly or together, are not taxable under the Income-Tax Act,
- iv) Gratuity as per the rules of the Company,
- v) Provision for use of Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls). Use of Company's car for personal purposes and long distance personal calls shall be recovered,
- vi) Encashment of leave at the end of the tenure as per rules of the Company.

E. MINIMUM REMUNERATION

If in any financial year the Company has no profit or inadequate profit, the Company may, subject to the approval of Central Government, pay the salary, commission and perquisites set out above to Mr. D. Jagannath as minimum remuneration notwithstanding the provisions of Section II of Part II of Schedule XIII of the Act.

F. OTHER TERMS AND CONDITIONS

- i) The Managing Director shall be entitled to one month's leave on full pay and allowances as per rules of the Company for every 11 months of service. However, leave accumulated but not availed of will not be allowed to be encashed except at the end of the tenure.

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- ii) The Managing Director shall be entitled to reimbursement of all actual expenses, including expenses on entertainment and travelling incurred in course of the Company's business.
- iii) The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or a Committee thereof.
- iv) In case of death of the Managing Director during the course of his employment, the Company will pay to his heirs, the salary and other emoluments payable for the then current month.
- v) The Managing Director shall give an undertaking to the Company, that so long as he functions as such, he shall not, without the prior approval of the Central Government, become interested or otherwise, concerned directly or through his wife and/or minor children in any selling agency of the Company in future. The appointment shall be conditional upon the furnishing of such an undertaking and shall cease and determine upon the contravention of the same.
- vi) The Managing Director shall not directly or indirectly engage himself in any business or activity substantially similar to or competing with the business activity of the Company during the term of the Agreement.
- vii) The Managing Director shall not divulge or disclose any information or knowledge obtained by him during his employment as to the business or affairs of the Company or any trade secrets or secret processes of the Company.
- viii) In line with the Company's standard and in order to entertain Company's business associates, the Managing Director will become a member of two prestigious clubs. Expenses of entrance fees, subscription etc. will be borne by the Company. Personal expenses of the Managing Director and his family for use of clubs shall be recovered from him.
- ix) The Headquarter of the Managing Director shall be fixed at the place where he has to stay regularly for attending to his duties.

The above may be treated as an abstract under Section 302 (2) and (7) of the Companies Act, 1956.

A print of the Memorandum and Articles of Association and draft of the Agreement referred to in the item No. 8 to be entered into between the Company on the one part and Mr. D. Jagannath on the other part is open for inspection by the members at the Registered Office of the Company on any working day except Saturdays between 10.00 a.m. and 12.00 noon till the Annual General Meeting.

The appointment and remuneration payable to Mr. D. Jagannath is required to be approved by the shareholders in General Meeting and accordingly this resolution is being placed before the members.

The Board of Directors recommends the resolution for acceptance by the shareholders.

Except Mr. D. Jagannath, Managing Director, no other Director of the Company is in any way concerned or interested in the aforesaid resolution.

Item Nos. 9 and 10

The Board of Directors of the Company at its Meeting held on October 12, 2000, approved the appointment of Mr. S.V. Joglekar and Mr. B.N. Vidholia as Additional Directors and the Whole-time Directors with effect from January 1, 2001 and at the meeting held on February 17, 2001, the Board approved the tenure of five years and the terms and conditions including the remuneration payable to them which are subject to the approval of the Company in general meeting.

New Agreements will be entered into between the Company and Mr. Joglekar and Mr. Vidholia with effect from January 1, 2001 as per the drafts approved by the Board.

Mr. Joglekar is a B.Com and CA and has experience at very senior level in FAG India from the year 1981.

Mr. Vidholia is a BE(Mech.), MBA and DMM and has experience at very senior level in other Companies as well as in FAG India from the year 1985.

The Directors considered that their services will be useful to the Company and that it was in the interest of the Company that Mr. Joglekar and Mr. Vidholia be appointed as the Whole-time Directors.