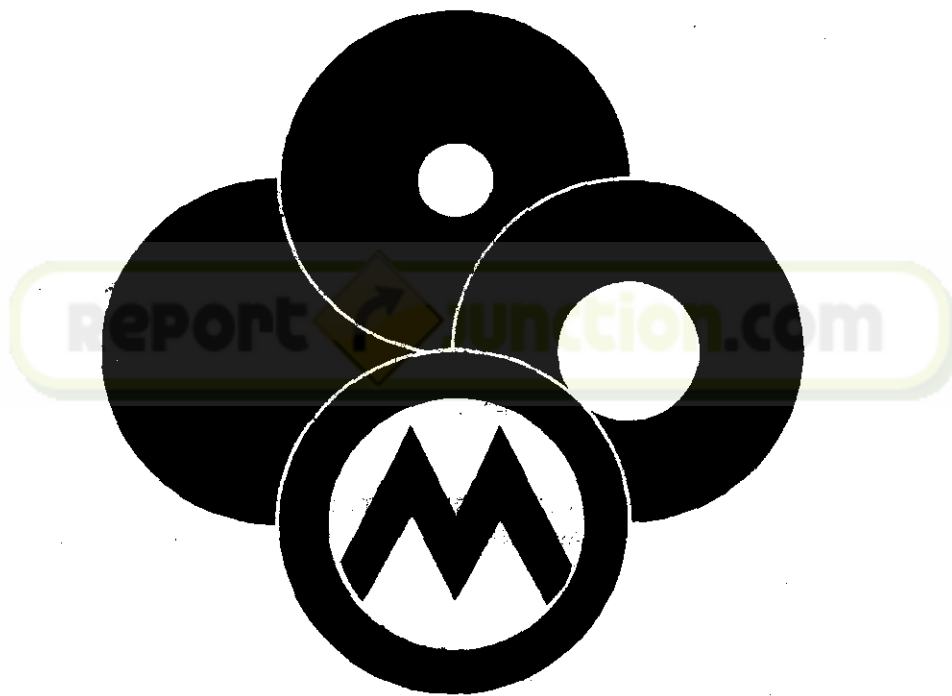


**19th
Annual Report
1998-99**



Mipco Seamless Rings (Gujarat) Limited

MIPCO SEAMLESS RINGS (GUJARAT) LTD.**MIPCO
SEAMLESS
RINGS
(GUJARAT)
LIMITED****DIRECTORS**

Mr. M. I. Patel	Chairman
Mr. P. M. Patel	Vice Chairman
Mr. S. M. Patel	Managing Director
Mr. T. M. Patel	
Mr. B. R. Patel	
Mr. B. C. Randeria	
Mr. Y. H. Malegam	
Mr. Y. P. Dandiwalla	
Mrs. S. Amdekar*	(Nominee of ICICI)
Mr. S. N. Bhandari**	(Nominee of ICICI)

AUDITORS

Messrs Parikh & Shah
Chartered Accountants

BANKERS

Bank of Baroda

**REGISTERED OFFICE
AND WORKS**

Plot No. 109,
G.I.D.C. Industrial Estate,
Bharuch - 392 015,
Gujarat.

* Upto 30.10.1998

** From 28.01.1999

Nineteenth Annual General Meeting on Tuesday, 13th July, 1999, in the Conference Room of The Antifriction Bearings Corporation Limited, GIDC Estate, Bharuch 392 015 (Gujarat) at 11.30 a.m.

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NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the members of **MIPCO SEAMLESS RINGS (GUJARAT) LIMITED** will be held in the Conference Room of The Antifriction Bearings Corporation Limited at GIDC Industrial Estate, Bharuch 392 015 on Tuesday, the 13th July, 1999, at 11.30 a.m., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. M.I. Patel who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. P.M. Patel who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. T.M. Patel who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

6. To receive and consider the Report of Board of Directors regarding the erosion of networth by more than 50% of the peak networth of the Company in terms of Section 23 of The Sick Industrial Companies (Special Provisions) Act, 1985.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from the 7th July, 1999 to 13th July, 1999 (both days inclusive).
3. Members are requested to intimate the change in their address, if any.
4. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company to enable the Company to consolidate their holdings in one folio.
5. Members are requested to write to the Company for any queries, regarding Accounts, so as to reach the Company at least ten days before the meeting to enable the management to keep the information ready at the Meeting.

Dated: 17th May, 1999.

By order of the Board
For **MIPCO SEAMLESS RINGS (GUJARAT) LIMITED**

Regd. Office:

Plot No.109, GIDC Industrial Estate,
BHARUCH - 392 015.

S.M. PATEL
Managing Director

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

The Members are aware that your company has been incurring losses for the last two financial years. Due to this your Company's networth has been eroded by more than 50% of its peak networth during the immediately preceding four financial years. The Company's peak networth during immediately preceding four years was Rs.1078.83 lacs i.e. as on 31.03.1997. The networth as on 31.03.1999 is Rs.457.99 lacs, therefore, the erosion of networth is more than 50%. Hence, the Company has become potentially sick in terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985. As per the said Act, such erosion of networth of the Company is required to be considered by the Members of the Company at a General Meeting. Accordingly, this notice has been sent along with the Notice for the 19th Annual General Meeting of your Company. The Report of the Board of Directors regarding causes for such erosion and steps taken to turnaround the Company is annexed hereto.

None of the Director is concerned and/or interested in the subject matter contained in at item No. 6 of the Special Business.

Dated: 17th May, 1999.

For **MIPCO SEAMLESS RINGS (GUJARAT) LIMITED**

Regd. Office:

Plot No.109, GIDC Industrial Estate,
BHARUCH - 392 015.

S.M. PATEL
Managing Director

MIPCO SEAMLESS RINGS (GUJARAT) LTD.**ANNEXURE TO EXPLANATORY STATEMENT****BOARD OF DIRECTORS' REPORT TO THE SHAREHOLDERS UNDER SECTION 23 OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.**

Due to the losses incurred by the Company during the last two financial years, the Company's peak Net Worth of Rs. 1078.83 lacs as at 31st March, 1997 has been reduced to a Net Worth of Rs. 457.99 lacs as at 31st March, 1999 resulting in an erosion of more than 50%.

The main causes for the losses incurred by the Company are as under:-

- a) Your company has been manufacturing bearing races for taper/ball bearings, which have been extensively used as Original Equipments by the Automobile sector. This automobile sector had to go through a period of exceptionally poor off-take and was in the grip of acute recession. Therefore, your company also had to bear the brunt of such poor market.
- b) Due to the poor off-take, your plant's capacity had to be utilised at a very low level, resulting in non-recovery of even the fixed costs.
- c) In addition to the poor off-take in the market, there was a price reduction of almost 30%, which had also contributed to the heavy losses incurred by your Company.
- d) Reduction in selling price due to no demand and competition.

REVIVAL STRATEGIES :

1. Your company has already identified products, which can be effectively discontinued from the production line. The loss accrued due to these lines will be stemmed immediately.
2. Your Company has identified alternate markets for its products. These are (a) Two Wheeler manufacturers (b) Tractor manufacturers (c) Gear Blank manufacturers. These markets have already evinced interest in the products of your company.
3. Your company is also negotiating with suppliers of raw-materials and other essential inputs for a price reduction based on the general reduction of price of the commodities.
4. There has been a gradual but definite improvement in the market conditions. Your Company has already felt the increase in demand for its products and thereby there is considerable addition to the capacity utilisation.
5. With all these and other internal cost cutting measures taken up by your company, the performance of your company will significantly improve in the years to come.

The Report of Board of the Directors of the Company is placed for consideration by the shareholders.

For and on behalf of the Board

Mumbai, May 17, 1999.

S.M. PATEL
Managing Director



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their 19th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1999.

WORKING RESULTS :

	For the year ended 31.03.1999 Rs. in lacs	For the year ended 31.03.1998 Rs. in lacs
Gross Profit before Interest, Depreciation and tax	(208.28)	248.80
Less : Interest	199.70	183.46
Depreciation	123.99	124.24
Profit before tax	(531.97)	(59.30)
Provision for tax	—	—
Profit after tax	(531.97)	(59.30)
Add : Balance brought forward from previous year	58.08	69.95
Investment Allowance Reserve written back	—	77.00
Amount available for appropriations	(473.89)	87.65
APPROPRIATIONS :		
Proposed Dividend	—	26.88
Income tax on proposed dividend	—	2.69
General Reserve	—	—
Surplus carried to Balance Sheet	(473.89)	58.08
	(473.89)	87.65

OPERATIONS :

The downturn in the general economic activity the country has been experiencing during the last two years has cast a heavy burden on your company. Your company has been very closely associated with the automobile sector, which was the worst affected during the last two years. The effect of this recession has had a devastating effect on the performance of the company during 1998-1999. Sales have registered a decline to Rs.1489.96 lacs against sales for the previous year of Rs.1935.83. The immediate concern of your company is to contain costs at all levels. Suitable exercises have already begun and the Company has identified areas of manufacture which can be consolidated, so that the loss generated by these areas can be effectively eliminated.

During the year, the Windmills installed at Lamba were also damaged by the severe cyclonic storm that hit the Gujarat Coast on 8th/9th June, 1998. Necessary claim has been lodged with the Insurance Company. Meanwhile, work on restoration of the windmills is in progress and they will be brought back to operation at the earliest.

DIVIDEND :

Due to the loss suffered by the Company, your Directors have not recommended payment of Dividend for the year.

DIRECTORS :

Mr. B. R. Patel resigned from the Board with effect from 15th February 1999 due to his ill health. The Board placed on record its deep sense of appreciation of the valuable contributions made by Mr. B. R. Patel during his tenure as director of the Company.

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. M. I. Patel, Mr. P. M. Patel and Mr. T. M. Patel, Directors, who retire by rotation, and being eligible, offer themselves for reappointment.

AUDITORS :

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

FIXED DEPOSITS :

During the year under review, your Company has not accepted any Deposits from the Public.

CONSERVATION OF ENERGY :

The Company has been consistently improving on utilisation of energy and elimination of any type of waste of energy.

Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are annexed hereto at Form "A".

TECHNOLOGY ABSORPTION :

The Company has no technical collaboration and therefore absorption of technology is not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings	-	Rs. Nil.
Outgo	-	Rs. 4.33 lacs.

PARTICULARS OF EMPLOYEES :

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

STATUS ON Y2K PREPAREDNESS :

1. The Company had identified the operations, process and functions which could be affected due to Y2K