

NIRB

BEARINGS



32nd Annual Report

1996 - 97

FINANCIAL HIGHLIGHTS – 1992-93 TO 1996-97

Year ended	31.03.93	31.03.94	Rs. in Lacs 31.03.95	31.03.96	31.03.97
OPERATING RESULTS					
SALES (NET)	4456.61	5068.29	7106.38	9290.04	11510.42
OPERATING PROFIT	643.24	727.07	1602.19	2384.90	3470.34
Depreciation	265.63	336.80	403.11	418.55	490.54
EXTRA ORDINARY ITEM	—	—	97.12	4.56	—
PROFIT BEFORE TAX	377.61	390.27	1101.96	1961.79	2979.80
Tax	170.00	135.00	440.00	755.00	1085.00
PROFIT AFTER TAX	207.61	255.27	661.96	1206.79	1894.80
Retained Earnings	150.77	171.07	560.92	916.03	1434.41
Dividend	56.84	84.20	101.04	290.76	436.16
Tax on dividend	—	—	—	—	24.23
EARNINGS PER SHARE (RS.)*	65.75	30.32	7.86	12.45	19.55
DIVIDEND %	18.00	10.00	12.00	30.00	45.00

* Earnings per share of Rs. 100 each for the years 1992-93 & 1993-94 and
Earnings per share of Rs. 10 each for the year 1994-95 onwards.

SOURCES AND APPLICATION OF FUNDS

SOURCES OF FUNDS

Shareholders' Funds	1738.12	1934.69	2461.96	4908.89	6343.30
Share application money	—	—	1526.40	—	—
Loans	2318.67	3138.82	3507.00	2621.74	3100.84

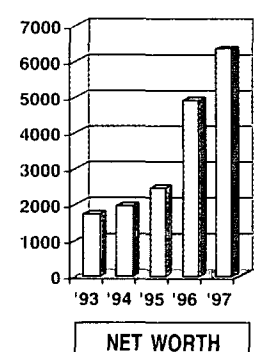
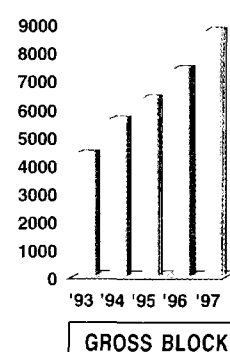
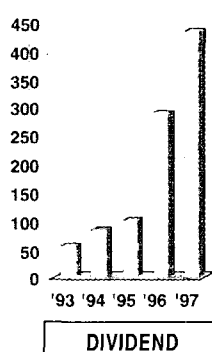
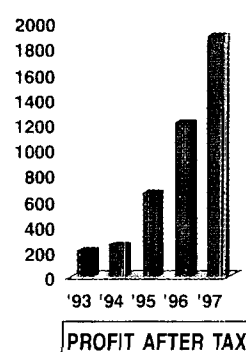
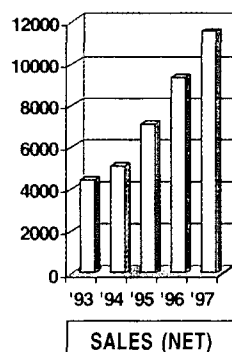
FUNDS EMPLOYED	4056.79	5073.51	7495.36	7530.63	9444.14
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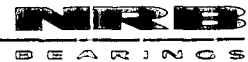
APPLICATION OF FUNDS

Fixed Assets (Gross)	4411.63	5621.39	6358.54	7428.40	8780.62
Depreciation	2371.74	2702.17	3133.13	3547.66	4030.70
Fixed Assets (Net)	2039.89	2919.22	3225.41	3880.74	4749.92
Investments	13.23	13.26	161.64	216.13	216.13
Net Current Assets	2003.67	2133.06	2774.56*	3333.12	4399.29
Miscellaneous Expenditure	—	7.97	84.62	100.64	78.80

NET ASSETS EMPLOYED	4056.79	5073.51	7495.36	7530.63	9444.14
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* Excluding extraordinary items relating to public issue-cum-offer for sale.





ANNUAL REPORT 1996-97

MD	✓		BKC	✓
CS	✓		DPY	(1)
RC	✓		DTV	✓
TRA	✓		AC	✓
AGV	✓	✓	SH	✓
YC	✓	✓		✓

Directors : Trilochan Singh Sahney, Chairman & Managing Director
 G. Ravouna
 Hanwantbir Kaur Sahney
 B.R. Sule
 P.D. Ojha
 Kala S. Pant
 Jean Marie Bertin
 Harshbeena S. Zaveri
 A.R. Wadia – Alternate to G. Ravouna

Bankers : Canara Bank
 Punjab & Sind Bank
 The British Bank of the Middle East
 Citibank N.A.
 ANZ Grindlays Bank

Auditors : A.F. Ferguson & Co.

Solicitors : Crawford Bayley & Co.

Registered Office : Dhannur, 15, Sir P.M. Road, Fort,
 Mumbai 400 001.

Works : Pokhran Road No. 2, Majiwade,
 Thane 400 606.

E-40, M.I.D.C. Industrial Area, Chikalthana,
 Aurangabad 431 010.

C-6, Additional M.I.D.C. Industrial Area,
 Jalna 431 203.

E-72, (I) M.I.D.C., Waluj,
 Aurangabad 431 133.

A-5, Uppal Industrial Estate,
 Hyderabad 500 039.

Registrar & Share Transfer Agent : Mondkar Computers Pvt. Ltd.,
 21, Shakil Niwas, Mahakali Caves Road,
 Andheri (East), Mumbai 400 093.
 Tel: 838 8035, 836 6620 Fax: 836 9704



NOTICE

To
 The Members,
 NRB BEARINGS LIMITED
 MUMBAI.

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of the members of the Company will be held at M.C. Ghia Hall, K. Dubash Marg, Mumbai 400 001, at 11.30 a.m. on 28th August, 1997, to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date.
2. To declare a final dividend for the year ended 31st March, 1997.
3. To appoint a Director in place of Mrs. H.B.K. Sahney who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. B.R. Sule who retires by rotation and is eligible for re-appointment.
5. To consider and if thought fit, to pass with or without modifications, the following resolution:
 "RESOLVED THAT M/s. A.F. Ferguson & Co., Chartered Accountants, Mumbai be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on such remuneration plus out-of-pocket expenses, as may be mutually agreed upon between the Board of Directors and the Auditors."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to M/s. New Indo Trading Co., a partnership firm, holding and continuing to hold an office or place of profit under the Company for rendering services at Mumbai and Calcutta, more particularly described in the Explanatory Statement, for a further period of five years effective 22.4.97 at a remuneration of Rs. 0.6 lacs p.a. at Mumbai and @5% on actual sales effected by NRB's Calcutta Zonal office subject to a maximum of Rs. 3.6 lacs p.a."
 "RESOLVED FURTHER THAT the remuneration payable to M/s. New Indo Trading Co., as aforesaid will be subject to such modifications as the Central Government may suggest or require which the Directors are hereby authorised to accept on behalf of the Company."
7. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:
 "RESOLVED THAT in partial modification of Resolution No.7 passed at the Annual General Meeting held on 28th November, 1991, the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time all such sums of money not exceeding Rs. 75,00,00,000 (Rupees Seventy Five Crores) as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not so set apart for any specific purpose."
8. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:
 "RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the mortgaging and/or charging

by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and 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 or creating a floating charge or hypothecation of all tangible and movable properties and assets of the company, present and future, for securing any loans obtained or as may be obtained from any financial institution, banks, finance companies or persons together with interest at the agreed rates, compound/ further interest, commitment charges, charges, expenses and all other monies payable by the Company to the abovementioned lending institutions in terms of the loan agreements to be entered into by the Company in respect of the said loans."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the abovementioned lending institutions the documents for creating the aforesaid mortgages and or charges and to do all such acts and things as may be necessary for giving effect to the above resolution."

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

"RESOLVED THAT pursuant to Section 372 and other applicable provisions if any, of the Companies Act, 1956, and subject to the previous approval of the Central Government and the financial institutions and further to the resolutions passed at the EGMs held on 14th February, 1991, 9th July, 1993 and 25th February, 1995, consent of the company be and is hereby accorded to the Board of Directors to invest a further sum of Rs. 150.50 lacs in the equity capital of NRB Torrington Ltd., such that the aggregate subscription to the subscribed capital of NRB Torrington Ltd., does not exceed Rs. 365.50 lacs, notwithstanding that such investment will be in excess of 30% of the subscribed capital of NRB Torrington Ltd., or together with the company's investments in all other bodies corporate will exceed the percentages specified in the provisos to sub-section 2 of Section 372 of the Act."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts and things as may be necessary to implement this resolution."

10. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT in partial modification of Resolution No.4 passed at the Annual General Meeting of 1st September, 1995 and in accordance with the provisions of Sections 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956, the Company hereby accords its approval to the increase in the salary, perquisites and allowances and commission payable to Ms. Harshbeena S. Zaveri, Whole-time Director with effect from 1st April, 1997 for the remainder of her tenure as below:

1. Basic Salary Rs. 33,000/- in the scale of Rs. 25,000/- to Rs. 60,000/-.

The annual increments to be effective 1st April, each year as may be decided by the Board.

Commission and other salary related perquisites will be correspondingly increased.

2. Perquisites:

In addition to the salary payable, the Whole-time Director shall also be entitled to revision in perquisites noted below in accordance with the Rules of the Company.

- a. Children's Education Allowance @Rs. 3000/- per month
- b. Electricity Allowance @Rs. 4000/- per month
- c. Leave Travel Assistance:

Once in a year incurred in accordance with the rules specified by the Company subject to a ceiling of Rs. 30,000/- per annum.

- d. Provision of car with driver and telephone at residence will not be considered as perquisites.

3. Save and except as stated aforesaid all other terms and conditions including remuneration payable to Ms. Harshbeena S. Zaveri remain unchanged.

4. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the

currency of the tenure of Ms. Harshbeena S. Zaveri, the Company has no profits or the profits are inadequate, the Company will subject to the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956, pay remuneration by way of salary and perquisites as specified above.

11. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, and the approval of the Central Government under Section 268 of the Companies Act, 1956 Article 114(b) of the Articles of Association of the Company be altered by substituting the word "NRB" by the words "Trilochan Investments Company Pvt. Ltd. (TIC)" in the above Articles of Association."

12. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, Article 135 of the Articles of Association of the Company be altered by substituting the word "NRB" by the words "Trilochan Investments Company Pvt. Ltd. (TIC)" in the above Articles of Association."

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.

2. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of special business items 6 to 12 is annexed hereto.
3. The Register of Members of the Company and Transfer Books thereof will be closed from Monday 11th of August, 1997 to Wednesday 27th August, 1997 (both days inclusive) to reckon the shareholders on the Register of Members for the purpose of payment of final dividend for the financial year ended 31st March, 1997.

Final Dividend recommended by the Directors, if approved by the shareholders at the Annual General Meeting, will be paid to those shareholders whose names appear on the Register of Members as on 28th August, 1997.

Members and all others concerned are requested to lodge transfer deeds, change of address communication, tax exemption forms, mandates (if any) with the Company's Share Transfer Agents M/s. Mondkar Computers Pvt. Ltd., 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093 on or before 9th August, 1997.

EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Items Nos.6 to 12 in the accompanying notice dated 30th June, 1997.

ITEM-6

Revision in charges payable to M/s. New Indo Trading Co., partnership firm in which certain Directors are partners

New Indo Trading Co. is a partnership firm of which Mr. T.S. Sahney and Mrs. H.B.K. Sahney are partners. This firm has been providing certain facilities and services to NRB Bearings Limited at Mumbai and Calcutta for which compensation is payable to them. At the Board Meeting held on 20th August, 1992 the Board had approved renewal of the arrangements for a period of five years upto 21st April, 1997. This was approved by the Central Government vide their letter dated 26.4.1993 on the same basis as proposed by the Board, under the terms of section 297 of the Companies Act, 1956.

In the contract for the years 22nd April, 1997 to 21st April, 2002, there are certain changes proposed in the scope of services to be rendered and the compensation payable to New Indo Trading Company as below:

Scope of services		Compensation	
Existing	Proposed	Existing	Proposed
At Mumbai			
Provision of sufficient space at Opera House for Co's Agency Divn. & of services such as mailing, typing, maintenance of petty cash and other records etc.	Provision of godown space at Tardeo for Co's records, advertising materials etc.	Rs. 1.25 lacs p.a.	Rs. 0.60 lacs p.a.
At Calcutta			
Service charges at the rate of 5% on net sales effected by Co's Calcutta Zonal Office	Service charges at the rate of 5% on net sales effected by NRB's Calcutta Zonal Office	As per actual sales, subject to maximum of Rs. 2.6 lacs p.a.	As per actual sales, subject to maximum of Rs. 3.6 lacs p.a.

The services rendered by New Indo-Trading Co., Calcutta are as follows:

- Maintenance of stocks and distribution of goods in accordance with orders and delivery instructions.
- Follow up for recovery of amounts due from East Zone customers.
- Attending to sales tax, octroi and other matters.
- Providing assistance for preparation of invoices, customer correspondence etc.

The charges to be paid for the services are reasonable considering prevailing market rates. The above charges relate to the financial year of the company and shall be payable pro-rata in the event of any earlier termination of the arrangement.

The company has made the necessary application to the Central Government for the aforesaid revisions in the contract under the provisions of Section 297(1) of the Companies Act, 1956.

Except Mr. T.S. Sahney, Managing Director, Mrs. H.B.K. Sahney, Director, none of the Directors are concerned or interested in the resolution.

ITEM-7

Revision in borrowing powers

At the 26th Annual General Meeting of the Company held on 28th November, 1991, the Company had accorded its consent under Section 293(1)(d) of the Companies Act, 1956, to the Directors borrowing moneys up to a limit of Rs. 40 crores. Taking into account the further requirements of additional finance for the expansion programme undertaken by the Company, a fresh resolution is proposed providing that, in addition to the Company's existing borrowings, the Directors may, for and on behalf of and for the purposes of the Company, borrow further sums of money, thereby raising the total borrowing limit from Rs. 40 crores to Rs. 75 crores.

None of the Directors are concerned or interested in the resolution.

ITEM-8

Authority to Directors to borrow by mortgaging/and or creating charge

At the 28th Annual General Meeting of the Company held on 9th July, 1993 the shareholders had approved the creation of the mortgage to secure rupee term loans and foreign currency loans equivalent to approximately Rs. 1700 lacs from the Industrial Finance Corporation of India Ltd. (IFCI) and SICOM Ltd.

During the year 1995-96 the Company prepaid the foreign currency loan to IFCI and in lieu thereof has taken fresh foreign currency loans and rupee loans aggregating Rs. 1200 lacs approximately. During the current year, the company has also borrowed US \$ 3 million by way of foreign currency loan from ANZ Singapore Ltd., under the External Commercial Borrowing (ECB) Scheme of the Government of India. These loans are also required to be secured by a mortgage on the Company's properties.

In view of its continuous expansion and modernisation, the Company is required to avail term finance from the financial institutions, banks, finance companies and/or other persons. It is therefore proposed to seek shareholders' blanket approval for creating mortgage and/or charges in favour of these lending institutions to secure the borrowings from them.

As the loans from the abovementioned lending institutions have to be secured by a first mortgage of all the immovable and movable properties of the Company, both present and future, and the whole of the undertaking of the Company or by way of a floating charge or hypothecation of all tangible and movable properties and assets, both present and future, and as the documents to be signed with the lending institutions may contain the power to take over the management of the business and concern of the Company in certain events, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956, for the creation of the said mortgage or charge.

None of the Directors are concerned or interested in the resolution.

ITEM-9

Additional investment in the equity capital of NRB Torrington Ltd.

At the Annual General Meeting held on 9th July, 1993 the shareholders have already approved investment not exceeding Rs. 215 lacs in the new company set up on a 50:50 basis with Torrington Holdings Inc. for manufacturing wide inner ring ball bearings with or without housings. Both the promoters NRB Bearings and Torrington Holdings have fully contributed their share of equity capital namely Rs. 215 lacs each. The Central Government has accorded its consent under Section 372 of the Companies Act, 1956 for the investment approved by the shareholders.

The project has since been implemented and commercial production started from September, 1995.

The market scenario has changed since the time the project was taken up for implementation. With the liberalisation of the Indian economy custom duties on imports have been brought down progressively giving a spurt to imports from Japan, China and Romania. In addition there is competition in the low quality segment from some domestic small scale units. The joint venture strategy is to gain major market shares in the high quality segment, concentrate on OEMs in the domestic market and focus on exports. These market development activities are expected to take two years during which period the capacity utilisation of the plant is not expected to be optimum.

Owing to the low capacity utilisation the company incurred cash losses. Both the promoters have jointly drawn up a recovery plan to be implemented during 1997-98 which is expected to result in a surplus from operations. In order that a funds constraint should not jeopardise the recovery plan the company's requirements of long term funds have been assessed and it has been decided to enhance the equity capital of the company with contribution from both the promoters with a rights issue at par in the ratio of 7 shares for every 10 shares held. The present equity capital of Rs. 430 lacs will be enhanced to Rs. 730.1 lacs after the proposed issue.

The Directors consider that in due course the investments are expected to yield reasonable returns to the company, hence the passing of this resolution is recommended.

Mr. Trilochan Singh Sahney, Managing Director, Mrs. Hanwantbir Kaur Sahney and Ms. H.S. Zaveri, Directors are concerned or interested to the extent of their shareholdings in your company and NRB Torrington Ltd.

ITEM-10

Revision in remuneration to Wholetime Director

At the Annual General Meeting of the Company held on 26th September, 1994, the shareholders had approved the appointment of Ms. Harshbeena S. Zaveri as Whole-time Director of the Company for a period of 5 years from 6th April, 1994 to 31st March, 1999 on the remuneration permissible under Schedule XIII to the Companies Act, and as detailed in the Resolution No.5 of the Notice of the said Annual General Meeting. Simultaneously,

the members had also authorised and empowered the Board of Directors of the company to alter and vary the terms and conditions of the said appointment, in such manner as may be mutually agreeable within the maximum amount payable in accordance with Schedule XIII to the Act, or any amendments made thereto.

The Board of Directors at its meeting held on 30th June, 1997, in exercise of the aforesaid authority given by the members decided to revise the terms of remuneration and perquisites of Ms. Harshbeena S. Zaveri for the remainder of her tenure, as detailed in the Resolution.

This explanation together with the accompanying Notice is to be regarded as an Abstract of Terms and Memorandum of Interest under Section 302 of the Companies Act, 1956.

Memorandum of Concern or Interest

Ms. Harshbeena S. Zaveri, Whole-time Director and Mr. T.S. Sahney, Chairman and Managing Director and Smt. Hanwantbir Kaur Sahney being relatives of Ms. Harshbeena S. Zaveri are concerned or interested in the Resolution at Item No.10 of the accompanying Notice.

ITEMS-11 & 12

Amendment of Articles 114(b) & 135 of the Articles of Association

Inadvertently in the latest printed Articles of Association of the Company, in the Articles 114(b) & 135 the words "NRB" have been used instead of "Trilochan Investments Co. Pvt. Ltd. (TIC)". Therefore these Articles of Association need to be amended under the approval of the shareholders by a Special Resolution and additionally in relation to item 11 of the accompanying Notice the approval of the Government of India.

None of the Directors are concerned or interested in the passing of the resolution.

