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NRB BEARINGS

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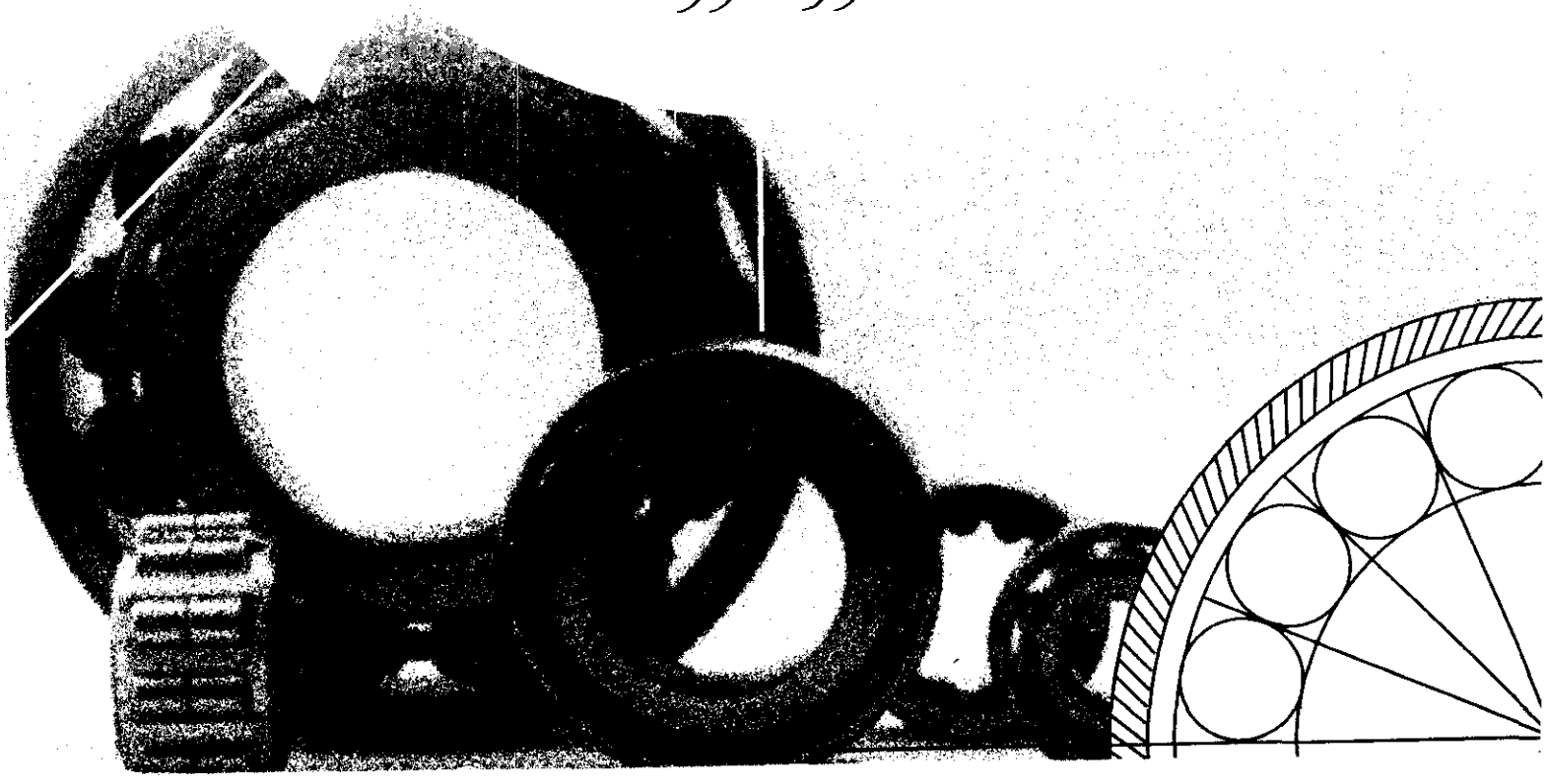
34th ANNUAL REPORT

1998-99



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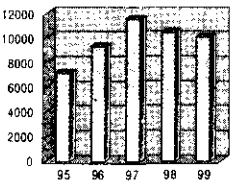
FINANCIAL HIGHLIGHTS 1994-95 TO 1998-99

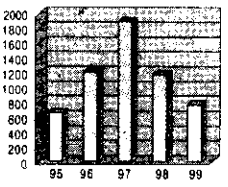
Rs.in lacs

Year ended 31st March	1995	1996	1997	1998	1999
OPERATING RESULTS					
Sales (Net)	7106.38	9290.04	11510.42	10440.80	10069.56
Operating profit	1602.19	2384.90	3470.34	2375.38	1683.77
Depreciation	403.11	418.55	490.54	629.39	716.93
Extra Ordinery item	97.12	4.56	-	-	-
Profit before Tax	1101.96	1961.79	2979.80	1745.99	966.84
Tax	440.00	755.00	1085.00	570.00	200.00
Profit after Tax	661.96	1206.79	1894.80	1175.99	766.84
Retained Earnings	560.92	916.03	1434.41	749.53	336.50
Dividend	101.04	290.76	436.16	387.69	387.69
Tax on dividend	-	-	24.23	38.77	42.65
Earnings per share of Rs.10/- each (Rs.)	7.86	12.45	19.55	12.13	7.91
Dividend %	12.00	30.00	45.00	40.00	40.00
SOURCES AND APPLICATION OF FUNDS					
SOURCES OF FUNDS					
Shareholders' Funds	2461.96	4908.89	6343.30	7092.83	7429.33
Share application money	1526.40	-	-	-	-
Loans	3507.00	2621.74	3100.84	4029.50	3480.78
Funds Employed	**7495.36**	**7530.63**	**9444.14**	**11122.33**	**10910.11**
APPLICATION OF FUNDS					
Fixed Assets (Gross)	6358.54	7428.40	8780.62	10331.14	11109.54
Depreciation	3133.13	3547.66	4030.70	4657.22	5370.94
Fixed Assets (Net)	3225.41	3880.74	4749.92	5673.92	5738.60
Investments	161.64	216.13	216.13	371.63	371.63
Net Current Assets	4023.69*	3333.12	4399.29	5017.68	4642.13
Miscellaneous Expenditure	84.62	100.64	78.80	59.10	157.75
Net Assets Employed	**7495.36**	**7530.63**	**9444.14**	**11122.33**	**10910.11**

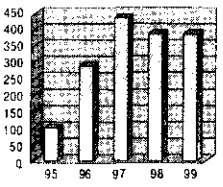
*Including extraordinary items relating to public issue-cum-offer for sale Rs.1249.13 lacs.



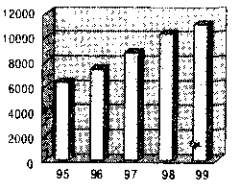
SALES (NET)



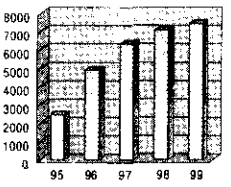
PROFIT AFTER TAX



DIVIDEND



GROSS BLOCK



NET WORTH

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ANNUAL REPORT
1998-99

Directors	:	Trilochan Singh Sahney,Chairman & Managing Director G. Ravouna Hanwantbir Kaur Sahney B. R. Sule P. D. Ojha Kala S. Pant Thierry Michaud Harshbeena S. Zaveri K. M. Elavia - Alternate to G.Ravouna
Bankers	:	Canara Bank Punjab & Sind Bank Citibank N. A. ANZ Grindlays Bank
Auditors	:	A. F. Ferguson & Co.
Solicitors	:	Crawford Bayley & Co. Wadia Ghandy & 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: 836 6620, 821 1996 Fax: 836 9704

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NOTICE

To
The Members,
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 34th Annual General Meeting of the members of the Company will be held at M C Ghia Hall, K Dubash Marg, Mumbai-400 001 at 3.30 p.m. on 30th July, 1999, to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Accounts and Balance Sheet and the reports of the Directors and Auditors for the year ended 31st March, 1999.

2. To declare a dividend for the year ended 31st March, 1999.

3. To appoint a Director in place of Dr.K S Pant who retires by rotation and is eligible for re-appointment.

4. To appoint a Director in place of Ms.H B K Sahney 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

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6. To consider and, if thought fit, to pass with or without modifications the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr.T Michaud who was appointed an Additional Director of the company under Article 114(a) of the Articles of Association of the company and who holds office upto the date of this Annual General Meeting by virtue of Section 260 of the Companies Act, 1956, but being eligible, offers himself for re-appointment and in respect of whom the company has received notice in writing from a shareholder proposing his candidature for the office of Director be and is hereby appointed a Director of the company."

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

   "RESOLVED THAT in accordance with the provisions of section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of Ms.Harshbeena S Zaveri as an Whole-time Director with effect from 1st April, 1999 for a period of five years upon the terms and conditions and stipulations contained in the draft Agreement to be entered into between the Company and Ms.H S Zaveri, a copy whereof is placed before the meeting and for the purpose of identification initialled by the Chairman hereof. The revised terms and conditions are as under :

   A. Ms.Harshbeena S. Zaveri, Whole-time Director shall carry out duties as may be entrusted to her subject to the supervision and control of the Managing Director.

   B. **Remuneration**

   Basic:

   Rs. 42,000 in the grade of Rs.25,000 - Rs.60,000
   The annual increments which will be effective 1st April each year will be decided by the Board and will be merit based and take into account the Company's performance.

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C. **Perquisites**

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

a. **Housing**

i. Free unfurnished accommodation in case the accommodation is owned by the Company.

ii. In case the accommodation is hired by the Company the expenditure by the Company on hiring such unfurnished accommodation for the Whole-time Director will be subject to a ceiling of 50% of the salary over and above 10% payable by the Whole-time Director.

iii. In case no accommodation is provided by the Company, the Whole-time Director shall be entitled to house rent allowance subject to the ceiling of 50% of the monthly basic salary.

b. **Children's education allowance** @ Rs.3,000/- p.m.

c. **Electricity allowance** @ Rs.4,000/-p.m.

d. **Leave travel assistance**

Once in a year, incurred in accordance with the rules specified by the Company, subject to a ceiling of Rs.35,000/- p.a.

e. **Reimbursement of Medical Expenses**

Reimbursement of medical expenses for self and family, subject to a ceiling of one month's basic salary in a year or 3 months salary over a period of three years.

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f. **Medical/Accident Insurance**

As per rules of the Company.

g. **Personal Accident Insurance**

Premium not exceeding Rs.4000/- p.a.

h. **Club Fees**

Reimbursement of membership fees for upto 2 clubs not exceeding Rs.12,000/-p.a.

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

j. Contribution to Provident Fund, Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income-Tax Act, Gratuity payable will not exceed half a month's salary for each completed year of service.

D. **Commission**

Such remuneration by way of Commission at the rate of 1% for each financial year, in addition to the above salary and perquisites calculated with reference to the net profit of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act, and limited to half year's basic salary will be payable to the Whole-time Director for the relevant financial year.

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E. **Minimum Remuneration**

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of Ms.H S Zaveri, the Company has no profits or its profits are inadequate, the Company, 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.

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

"RESOLVED THAT pursuant to the provision of Section 370 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals/consents as may be required under any law/agreement consent of the company be and is hereby accorded to the Board of Directors of the Company to make any loans (including Deposits) to any body/bodies corporate (whether or not under the same management as the Company), on such terms and conditions as the Board may think fit, notwithstanding that any such loan or the aggregate of such loans may exceed any or all the percentage(s) as may be prescribed by the Rules made by the Central Government, provided that the aggregate of loans to bodies corporate other than subsidiaries of the Company shall not exceed the sum of Rs.10 crores (Rupees Ten Crores only) at any one point of time".

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 item 6 is annexed hereto.
3. The Register of Members of the Company and Transfer Books thereof will be closed from Friday 16th of July, 1999 to Friday 30th July, 1999 (both days inclusive) to reckon the shareholders on the Register of Members for the purpose of payment of dividend for the financial year ended 31st March, 1999.

   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 30th July, 1999.

   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 15th July, 1999.

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 Item No.6 in the accompanying notice dated 31st May, 1999.

ITEM-6

At the meeting of the Board of Directors held on 31st May, 1999, Mr.T Michaud was appointed Additional Director of the company pursuant to Section 260 of the Companies Act, 1956 read with Articles of Association of the company. Mr.T Michaud holds office only upto the date of the forthcoming Annual General Meeting. Notice in writing has been received from a shareholder of the company pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose Mr.T Michaud as candidate for the office of Director. As required by the said section 257, the shareholder giving notice has deposited a sum of Rs.500/- with the company which shall be refunded to him if Mr.T Michaud is elected as Director.

Mr.T Michaud who has extensive experience in R&D at RENAULT, France, as Head of Quality in SNR and as Managing Director of ICSA, could contribute immensely to the deliberations of the Board. The Directors recommend that he be appointed Director of the company.

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Mr.T Michaud is interested in the said resolution at Item No.6 since it pertains to his own appointment. None of the other Directors are interested or concerned.

ITEM-7

The present term of Ms.Harshbeena S. Zaveri as Whole-time Director of the Company expired on 31st March, 1999. The Board of Directors, subject to the approval of the members, re-appointed Ms.H S Zaveri as Whole-time Director of the Company for a period of five years w.e.f.1st April, 1999 on the remuneration and terms and conditions set out in the draft Agreement to be entered into between the Company and Ms.H S Zaveri, a copy whereof duly initialled by the Chairman for the purpose of identification, is available for inspection at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on any working day of the Company up to and including the date of the 34th Annual General Meeting.

Full details of the remuneration payable to Ms.H S Zaveri are set out in the Resolution.

OTHER TERMS AND CONDITIONS

1. Whole-time Director to faithfully and diligently serve the interests of the Company.

2. Employment of the Whole-time Director to forthwith determine if she becomes insolvent or makes any composition or arrangement with her creditors.

3. Whole-time Director not to be paid fees for attending meetings of the Board.

4. Either party may terminate the Agreement by giving not less than three calendar months notice in writing to the other party.

   Your Directors are of the view that the re-appointment of Ms.H S Zaveri as Whole-time Director of the Company will be in the interest of the Company and,accordingly, recommend the resolution at Item no.6 for your acceptance.

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MEMORANDUM OF INTEREST

Mr.Trilochan Singh Sahney and Ms.Hanwantbir Kaur Sahney are the father and mother respectively of Ms.H S Zaveri.Apart from Mr.T S Sahney, Mrs.H B K Sahney and Ms.H S Zaveri, no other Directors are concerned or interested in the above resolution.

This Explanation together with the accompanying Notice shall be treated as an abstract under Section 302 of the Companies Act, 1956.

ITEM-8

In the course of its regular activities, the Company may place deposits or give loans to bodies corporate subject to the provisions of Section 370 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

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

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DIRECTORS' REPORT

To
The Members
NRB BEARINGS LIMITED
Mumbai

Your Directors have pleasure in presenting their Thirty Fourth Annual Report together with Audited Accounts for the year ended 31st March, 1999.

1. **Financial results**

	Year ended 31st March, 1999 Rs. lacs	Year ended 31st March, 1998 Rs.lacs
Profit before providing for depreciation and taxation	**1683.77**	2366.38
Less: Depreciation	**716.93**	629.39
Provision for taxation	**200.00**	561.00
Profit after taxation	**766.84**	1175.99
Add: Transfer from Investment Allowance Reserve	—	43.42
Profit available for appropriation	**766.84**	1219.41
Appropriation:		
Dividend : Final	**387.69**	387.69
Tax on dividend	**42.65**	38.77
General Reserve	**336.50**	792.95
	766.84	1219.41

2. **Dividend**

Dividend @ 40% is being recommended by the Directors, payable to those shareholders appearing in the Company's registers as on 30th July, 1999.

3. **Operations**

Sales for the year ended 31st March, 1999 were Rs.10070 lacs as against Rs.10440 lacs in the previous year, a fall of 3.5% compared to the previous year.

The continuing slow down in the economy has affected offtakes from all OE manufacturers in user industries. The growth in the replacement market has partially offset the drop in OEM business. Price competition among auto OEMs led to price reductions for the second consecutive year.

Profit margins during the year have continued to be under pressure. Your company has initiated a performance

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improvement programme with the active involvement of international consultants which will enable the company to improve its competitive edge in the industry.

4. **Expansion**

During the second half of the financial year, the company has partially implemented its expansion for enhanced capacity in the general bearings division. The Company will complete the expansion during the current year.

5. **Public Deposits**

The amount of fixed deposits due and not claimed by claimants as at 31st March, 1999 was Rs.1.84 lacs. Out of this amount deposits in respect of 4 claimants amounting to Rs.0.28 lacs have either been renewed or repaid subsequent to 31st March, 1999.

6. **Directors**

Dr.Kala S Pant and Mrs.H B K Sahney retire by rotation pursuant to Article 111 of the Articles of Association and are eligible for re-appointment.

The Board places on record its appreciation of the fruitful contribution made by Mr.J M Bertin, Finance Director Nadella and thereafter Mr.J J Robilliart, Managing Director Nadella during their tenure as Directors. Following organisational changes, Mr.T Michaud, Managing Director, Nadella has now joined the Board as Additional Director,holding office upto the date of this Annual General Meeting. Notices in writing have been received from some members expressing their intention to propose Mr.T Michaud as candidate for the office of Director in our company. Your Directors have pleasure in recommending his appointment.

7. **Status on Y2K Preparedness**

To address the issue the company has set up a team with representation from all plants and the corporate office, which has initiated various steps for ensuring Y2K compliance.

- in respect of plant instrumentation and controller based facilities at the manufacturing units, respective equipment suppliers have been contacted to confirm Y2K compliance or alternatively forward proposals for making the same Y2K compliant. It is expected that this will be completed by September 30, 1999.

- 100% of hardware in commercial, finance and other areas and all the application software will be Y2K compliant by June 30, 1999. Necessary orders for the same have been placed and implementation is ongoing.

- the estimated cost to achieve Y2K readiness is Rs.50 lacs which includes capital expenditure for replacing hardware.

- contingency plans are being prepared to minimise the risk from any external agency not achieving the desired status of Y2K readiness.

8. **Information regarding employees**

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees), 1975 forms part of this report. However, the above information is not being sent alongwith the Annual Report and any shareholder interested in obtaining such information may write to the Registered Office of the company.

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9. **Information pursuant to Sec. 217(1)(e)**

A. Measures taken for Conservation of Energy
Efforts for conservation of energy in all areas are made on a continuous basis. The major areas where specific energy conservation measures have been implemented during the year are :-

- Loading of heat treatment furnaces at Aurangabad plant reorganised to ensure longer uninterrupted runs-25000 units p.a. Rs.0.95 lacs p.a.

- Linking wire drawing and ball plants at Waluj to common higher capacity air compressor - 100000 units p.a. Rs.3.80 lacs p.a.

- Consumption of LDO in pickling plant at Waluj closely monitored-3000 litres p.a. Rs.1.20 lacs p.a.

- Capacitors fitted on electrical panels and compressor motors at Thane - 10000 units p.a. Rs.0.35 lacs p.a.

B. Technology Absorption, Research & Development (R & D)

1. Specific areas in which R & D is carried out by the Company	:	Improvements in process parameters / development of special purpose equipment and toolings resulting in better productivity/quality.
2. Benefits derived as a result of the above R & D	:	Cost reduction by way of reducing material consumption and increase in productivity levels.
3. Future plan of action	:	Continuing Product Development for the new technology vehicle models coming to India and for supplies to international markets, turned cages hub bearings, self aligning clutch release bearings, roller thrust bearings. Installation of latest quality checking and product testing facilities to ensure world class quality.
4. Expenditure on R & D	:	Other than specific expenditure on equipment/tool development, no substantial expenditure incurred.

The Company has successfully absorbed the technology from their Collaborators M/s.SNR France for the manufacture of Taper Roller Bearings. Regular supplies are being made to an important OE customer. The company is taking steps to expand its range of such bearings and settting up additional capacity for the manufacture of the same.

C. Foreign exchange earnings and outgo

Foreign exchange earnings	Rs. 344.35 lacs
Foreign exchange outgo	Rs. 1607.24 lacs

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