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ANNUAL REPORT 1999-2000

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	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.
Bankers	Canara Bank Citibank N.A. ANZ Grindlays Bank	Registrar & Share Transfer Agent	Mondkar Computers Pvt.Ltd. 25, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093. Tel: 836 66 20, 8211996 Fax: 836 9704
Auditors	A.F.Ferguson & Co.		
Solicitors	Crawford Bayley & Co. Wadia Ghandy & Co.		
Registered Office	Dhannur, 15 Sir. P. M. Road, Fort, Mumbai 400 001		

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The logo for Report Junction, featuring the word "Report" in a light blue font, a yellow diamond icon with a blue arrow pointing up and to the right, and the word "junction.com" in a light green font, all enclosed within a light green rounded rectangular border.

NOTICE

To
The Members,
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of the members of the Company will be held at M C Ghia Hall, K Dubash Marg, Mumbai-400 001 at 2.30 p.m. on 28th July, 2000, 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, 2000.
2. To appoint a Director in place of Mr.B R Sule who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Dr.P D Ojha who retires by rotation and is eligible for re-appointment.
4. 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

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

Reappointment of Mr.T S Sahney as Managing Director

"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, and subject to the approval of the Central Government under the provisions of Section 269 consent of the Company be and is hereby accorded to the re-appointment of Mr.T.S.Sahney as the Managing Director with effect from 1st October, 2000 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 Mr.T S Sahney, 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. Mr.T S Sahney, Managing Director shall carry out duties as may be entrusted to him subject to the supervision and control of the Board of Directors.

B. Remuneration

Basic:

Rs. 1,50,000 in the grade of Rs.1,00,000 - Rs.5,00,000

The annual increments which will be effective 1st October each year will be decided by the Board and will be merit based and take into account the Company's performance.

C. Perquisites:

In addition to the basic salary payable, the Managing 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 Managing Director will be subject to a ceiling of 60% of the salary over and above 10% payable by the Managing Director.
- iii. In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling of 60% of the monthly basic salary.
- b. The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962.

c. Leave travel assistance

Reimbursement of actual traveling expenses to any place in India and return there from in respect of himself and family.

d. Reimbursement of Medical Expenses

Reimbursement of medical expenses for self and family.

e. Personal Accident Insurance

Premium not exceeding Rs.4250/- p.a.

f. Club Fees

Reimbursement of membership fees for clubs.

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

- h. 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 one year basic salary will be payable to the Managing Director for the relevant financial year.

E. Minimum Remuneration

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of Mr.T S Sahney, 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.

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

Approval of medical expenses incurred for treatment of Mr.Devesh Sahney

"RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting held on 27th August, 1998, and pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, subject to approval of Central Government, the company hereby approves the payment of Rs.2.87 lacs (Rs.4.07 lacs less Rs.1.20 lacs claim received from New India Insurance Company) as medical expenses incurred for the treatment of Mr.Devesh Sahney during the period November, 1999 to December, 1999."

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

Revision in remuneration of Mr.D S Sahney

"RESOLVED THAT in partial modification of the resolution passed at the Annual General Meeting held on 27th August, 1998, and pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, subject to approval of Central Government, consent be and is hereby accorded to the variation in the terms of appointment of Mr.Devesh S Sahney, a relative of some of the Directors of the company. Mr.Devesh Sahney holds the position of General Manager-Operations w.e.f. 1st April, 2000. The terms and conditions of variation as applicable w.e.f. 1st April, 2000 are set out as under:

	Amount (Rs)
Basic Salary	23500 p.m.
House rent allowance	40% of basic
Education allowance	3000 p.m.
Electricity allowance	3000 p.m.
LTA	On actuals not exceeding Rs.24,000/- p.a. for self and Family once in a year
Medical	Reimbursement of medical expenses for self and family subject to ceiling of Rs.18,000/- p.a. or Rs.54,000/- over a period of three years. Additionally he will be entitled to hospitalisation benefits as per the scheme in force from time to time and as applicable to other senior executives of the Company
PF	Contribution at the rate of 12% of basic salary
Superannuation	Contribution to superannuation fund at the rate of 15% of the basic salary
Gratuity	Contribution by the Company will be made as per rules applicable to other employees.
Company car	Provision of a car for use for company's business

Memorandum of Interest

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

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

Modification of Articles to provide for nominees by shareholders

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Association of the Company be and are hereby altered as under:

After Article 57 a new Article 57A be inserted as under:

Nomination : Notwithstanding anything stated in Articles 57 & 58 a holder or joint holders of shares or debentures may nominate, in accordance with the provisions of section 109A of the Companies Act, 1956 and in the manner prescribed thereunder, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of such holders. Any nominations so made shall be dealt with by the company in accordance with the provisions of Section 109B of the Companies Act, 1956."

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 5 to 8 is annexed hereto.
3. The Register of Members of the Company and Transfer Books thereof will be closed from Thursday 13th of July, 2000 to Thursday 27th July, 2000 (both days inclusive).

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., 25, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093 on or before 13th July, 2000.

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.5 in the accompanying notice dated 31st May, 1999.

ITEM-5

The present term of Mr.T S Sahney as Managing Director of the company expires on 30th September, 2000. The Board of Directors, subject to the approval of the members re-appointed Mr.T S Sahney as Managing Director of the company for a period of 5 years w.e.f. 1st October, 2000 on the remuneration and terms and conditions set out in the draft Agreement to be entered into between the company and Mr.T S Sahney, a copy whereof duly initialed 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 upto and including the date of the 35th Annual General Meeting.

OTHER TERMS AND CONDITIONS

- i. The Managing Director shall be entrusted with substantial powers of management of the business and affairs of the company;
- ii. Managing Director to faithfully and diligently serve the interests of the company;
- iii. Employment of the Managing Director to forthwith determine if he becomes insolvent or makes any composition or arrangement with the creditors;
- iv. Company to reimburse the Managing Director expenses incurred by him for traveling and business related expenses;
- v. Managing Director not to be paid fees for attending meeting of the Board;

- vi. In the event that the Managing Director dies during the term of the Agreement, the company shall pay to his legal personal representatives the salary and other emoluments payable for that month;
- vii. Either party may terminate the Agreement by giving not less than six calendar months notice in writing to the other party.

Your Directors are of the view that the reappointment of Mr.T S Sahney as Managing Director of the company will be in the interest of the company and, accordingly, recommend the resolution at Item No.5 for your acceptance.

MEMORANDUM OF INTEREST

Mrs.Hanwantbir Kaur Sahney and Ms.Harshbeena S Zaveri, Directors, are the wife and daughter respectively of Mr.Trilochan Singh Sahney. 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-6

By their letter no.3/68/98-CLVII dated 10.12.1998 the Government of India had approved the terms of remuneration for Mr.Devesh Sahney, relative of Director under the provisions of Section 314(1)(B). Mr.Devesh Sahney had to be hospitalized during November, 1999. As a result of his illness the total medical expenses incurred by Mr.Devesh Sahney came to Rs.4.07 lacs which is in excess of the mediclaim coverage taken by the company for executives in his grade. In appreciation of his contribution to the substantial growth in sales effected by the company during the current year, the management and the Board of Directors have approved at the Board Meeting held on 27th January, 2000 reimbursement of the entire amount incurred by Mr.Devesh Sahney on his hospitalization. The company will submit the necessary application to the Central Government for its approval of this additional benefit given to Mr.Devesh Sahney. The resolution is to seek the approval of the members.

Mr.T S Sahney, Managing Director, Mrs.H B K Sahney, Director and Ms.H S Zaveri, Director, being relatives of Mr.Devesh Sahney are interested in this resolution. None of the other directors is interested in the same.

ITEM -7

At the Annual General Meeting of the Company held on 9th July, 1993, the shareholders had approved under Section 314(1-B) of the Companies Act, 1956 the appointment of Mr.Devesh S Sahney as Executive Assistant to General Manager (NBD). The terms of his remuneration have been modified and approved at the AGMs held on 25th February, 1995, 19th August, 1996 and 27th August, 1998.

Since 1st April, 2000 Mr.D S Sahney has been promoted to the position of General Manager-Operations and has been entrusted with additional areas of responsibility at the corporate level viz.overseeing the manufacturing budget, plant performance, shop floor systems and productivity improvements and automation programmes at all NRB plants. Accordingly the Board of Directors have approved the variation in the remuneration payable to Mr.Devesh Sahney as set out in item no.7 of the accompanying notice and recommend the same for your approval.

Except Mr.Trilochan Singh Sahney, Mrs.Hanwantbir Kaur Sahney and Ms.Harshbeena S Zaveri, none of the Directors are concerned or interested in the Resolution.

ITEM-8

The Companies (Amendments) Act, 1998 has interalia made a provision through Sections 109A & 109B whereby a holder or joint holders of shares can nominate a person to whom all the rights in the shares or debentures of a company shall vest in the event of the death of such holders. It is, therefore, proposed to incorporate a new article in the Articles of Association of the company providing for nomination facility in accordance with the provisions of Sections 109A & 109B of the Companies Act, 1956.

The Board recommends the Resolution for your approval.

None of the Directors is in any way concerned or interested in the resolution.

DIRECTORS' REPORT

To
The Members
NRB BEARINGS LIMITED
Mumbai

Your Directors have pleasure in presenting their Thirty Fifth Annual Report together with Audited Accounts for the year ended 31st March, 2000.

1. Financial results

	Year ended 31st March, 2000 Rs. lacs	Year ended 31st March, 1999 Rs.lacs
Profit before providing for depreciation and taxation	2432.97	1683.77
Less: Depreciation	809.03	716.93
Provision for taxation	480.00	200.00
Add: Taxation adjustments for earlier years	73.03	—
Profit after taxation	<u>1216.97</u>	<u>766.84</u>
Appropriation:		
Dividend : Interim	436.15	—
Tax on interim dividend	47.98	—
Final	—	387.69
Tax on final dividend	—	42.65
General Reserve	<u>732.84</u>	<u>336.50</u>
	<u>1216.97</u>	<u>766.84</u>

2. Dividend

Directors recommend that Interim dividend of Rs.4.50 per share (45%) paid on May 11, 2000 be taken as final dividend for 1999-2000.

3. Operations

Sales (net of excise duty) for the year ended 31st March, 2000 were Rs.12049 lacs as against Rs.10070 lacs in the previous year, an increase of 19.6% compared to the previous year.

The improved offtakes from OEMs in the automotive sector particularly commercial vehicles, passenger cars and tractors have contributed to enhanced sales during the year. Exports have increased by 80% during the year.

Profit margins during the year have improved with the higher volumes. However material cost increases in the