



NRB
BEARINGS

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2000 2001

ANNUAL REPORT 2000-2001

Directors : Trilochan Singh Sahney, Chairman & Managing Director
 G.Ravouna
 B.R.Sule
 P.D.Ojha
 Kala S Pant
 Thierry Michaud
 Harshbeena S Zaveri
 K M Elavia - Alternate to G.Ravouna
 Devesh S Sahney

Bankers : Canara Bank
 Citibank N.A.
 Standard Chartered Grindlays Bank Ltd.
 BNP Paribas

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.
 25, Shakil Niwas, Mahakali Caves Road
 Andheri (East), Mumbai 400 093
 Tel: 8366620, 8211996 Fax: 8369704

**To be the preferred provider of
technology-driven innovative bearing solutions
- Vision Statement**



A movement - A revolution

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NOTICE

To,
 The Members,
 NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 36th 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 Wednesday 1st August, 2001, 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, 2001.
2. To declare a dividend for the year ended 31st March, 2001.
3. To appoint a Director in place of Dr.(Ms) Kala S Pant who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Ms.H S Zaveri 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 modifications the following Resolution as an Ordinary Resolution:

Appointment of Mr.D S Sahney as Director

"RESOLVED THAT Mr.Devesh Singh Sahney who was appointed an Additional Director of the company under Article 114(B) 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 from a shareholder proposing his candidature for the office of Director be and is hereby appointed – Director of the company."

"RESOLVED FURTHER THAT pursuant to sections 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 appointment of Mr.Devesh S Sahney as Director- Operational Strategies for a period of 5 years w.e.f. 25th May, 2001 on the remuneration approved by the members at the Annual General Meeting held on 28th July, 2000, provided that in the event of the company having no profits or its profits being inadequate in any financial year during the currency of the tenure of Mr. Devesh S Sahney the company pay remuneration by way of salary and perquisites as aforesaid, but subject to such approval of the Central Government as may be required.

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

"RESOLVED THAT pursuant to the provisions of Section 297 and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to 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 22.4.2002 to 21st April, 2007 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 authorized to accept on behalf of the Company."

By Order of the Board
S C Rangani
 Secretary

Mumbai : 25th May, 2001

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 & 7 is annexed hereto.
3. The Register of Members of the Company and Transfer Books thereof will be closed from Monday 9th of July, 2001 to Thursday 26th July, 2001 (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 7th July, 2001.

NRB BEARINGS LIMITED 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 Nos.6 & 7 in the accompanying notice dated 25th May, 2001.

ITEM-6

At the meeting of the Board of Directors held on 25th May, 2001 Mr.Devesh S Sahney 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.Devesh S Sahney 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.Devesh S Sahney as candidate for the office as 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.Devesh S Sahney is elected as Director.

Pursuant to Section 260, his appointment as Additional Director comes to an end at the forthcoming Annual General Meeting. The Board of Directors desired to appoint him as Wholetime Director for a period of 5 years effective 25th May, 2001 and therefore resolution has also been placed before the meeting for approval of the remuneration payable to him.

Mr. Devesh S Sahney was holding place of profit in the company upto 25th May, 2001. Being a relative of some of the directors of the company, his remuneration has been approved by the members at the Annual General Meeting held on 28th July, 2000 and also by the Central Government under the provisions of Section 314 (1-B) of the Companies Act, 1956 vide their letter No.3/75.2000-CL VIII dated 19th January, 2001.

The broad terms of his remuneration as already approved 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 | 12% of basic salary |
| Superannuation | 15% of the basic salary |
| Gratuity | As per rules applicable to other employees. |
| Company car | Provision of a car for use for company's business |

Mr. Devesh S Sahney is 32 years of age, and holds a Bachelor of Arts degree (Business Administration & Economics) from Richmond College, London. After a short stint as Management Trainee in Credit Lyonnais he joined the company in October, 1993 as Executive Assistant to the General Manager (Needle Bearing Division). He has handled various positions of responsibility in the areas of Management Services, Information Technology and Plant Operations.

Your Directors are of the view that the appointment of Mr.Devesh S Sahney as Director of the company will be in the interest of the company and, accordingly, recommend the resolution at Item No.6 for your acceptance.

MEMORANDUM OF INTEREST

Mr. Trilochan Singh Sahney and Ms.Harshbeena S Zaveri, Directors, are the father and sister respectively of Mr. D S Sahney and are therefore interested in the resolution. Mr.Devesh S Sahney is interested in the resolution since it pertains to his own appointment. None of the other directors are interested or concerned.

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

ITEM-7

New Indo Trading Co. is a partnership firm of which Mr.T S Sahney is a partner. 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 22nd April, 1997 the Board had approved renewal of the arrangements for a period of five years upto 21st April, 2002. The shareholders had also approved the same at the AGM held on 28.8.1997. This was approved by the Central Government vide their letter dated 22nd October, 1997 on the same basis as proposed by the Board, under the terms of section 297 of the Companies Act, 1956 except that they approved the contract for a period of 3 years upto 21st April, 2000.

The company has continued to avail these services from New Indo Trading Co. after 22nd April, 2000. The company has made an application to the Central Government in May, 2001 requesting an extension of the sanction for a further period of two years in line with the approval by the Board of Directors and by the members in General meeting.

The scope of services provided by New Indo Trading Company remains the same as earlier approved namely :

At Mumbai

Provision of godown space at Tardeo for Company's records, advertising materials etc.

At Calcutta

- a. Maintenance of stocks and distribution of goods in accordance with orders and delivery instructions.
- b. Follow up for recovery of amounts due from East Zone customers.
- c. Attending to sales tax, octroi and other matters.
- d. 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 will make the necessary application to the Central Government for the renewal of the arrangements for a further period of five years effective 22.4.2002 to 21.4.2007 under the provisions of Section 297(1) and Section 314 of the Companies Act, 1956.

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

The Board recommends the Resolution at Item No.7 for your acceptance.

By Order of the Board
S C Rangani
 Secretary

25th May, 2001

DIRECTORS' REPORT

To,
The Members,
NRB BEARINGS LIMITED

Your Directors have pleasure in presenting their Thirty Sixth Annual Report together with Audited Accounts for the year ended 31st March, 2001.

1. Financial results

| | Year ended 31st March, 2001 Rs. lacs | Year ended 31st March, 2000 Rs.lacs |
|---|--|---|
| Profit before providing for depreciation and taxation | 2147.30 | 2432.97 |
| Less: Depreciation | 886.67 | 809.03 |
| Provision for taxation | 435.00 | 480.00 |
| Add: Taxation adjustments for earlier year | 5.71 | 73.03 |
| Profit after taxation | 831.34 | 1216.97 |
| Appropriation: | | |
| Dividend : Interim | - | 436.15 |
| Tax on interim dividend | - | 47.98 |
| Final | 387.69 | - |
| Tax on final dividend | 39.55 | - |
| General Reserve | 83.13 | 732.84 |
| Profit & Loss Account | 320.97 | - |
| | 831.34 | 1216.97 |

2. Dividend

Directors recommend dividend of Rs. 4.00 per share (40%) payable to members as per the Register of Members on July 26, 2001.

3. Operations

Sales (net of excise duty) for the year ended 31st March, 2001 were Rs.11708 lacs as against Rs.12048 lacs in the previous year, a decrease of 2.8%. However exports have increased by 40% during the year.

The reduced offtakes from OEMs in the automotive sector particularly commercial vehicles, scooters, passenger cars and tractors have contributed to reduced sales and build up of inventories during the year. During the last quarter of the year under review, the company cut back production to adjust to the low demand market situation and to reduce the build up of finished goods inventories. This has affected profitability during the last quarter.

Profit margins during the year have declined with the lower volumes and on account of material cost increases.

As part of the continuing effort to improve product quality the company has obtained QS 9000 certification for its plant at Hyderabad. The assessment and recommendation for certification was done by TUV the internationally acclaimed registrars. The company's corporate office and its plants at Thane, Aurangabad, Waluj and Jalna had been certified in the previous year.

4. **Public Deposits**

All public deposits have been repaid as on 31st March, 2001. The company has discontinued accepting fresh deposits from the public.

5. **Directors**

Dr.(Ms) Kala Pant and Ms. H S Zaveri retire by rotation pursuant to Article 111 of the Articles of Association and are eligible for reappointment.

Mrs.H B K Sahney has resigned from the Board for personal reasons. The Board would like to place on record their sincere appreciation for the contribution made by her during her long tenure as a Director of the company.

Mr.Devesh S Sahney has been appointed as Additional Director by the Board of Directors at their meeting held on 25th May, 2001. Mr.Devesh S Sahney will hold office upto the date of the next Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956. Notice has been received from a shareholder signifying his intention to propose Mr.Devesh S Sahney as a candidate for the office of Director. Mr.Devesh S Sahney is designated as "Director – Operational Strategies".

6. **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.

7. **Conservation of energy, technology absorption, foreign exchange earnings and outgo**

Information required as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 has been given in the Annexure forming part of this report.