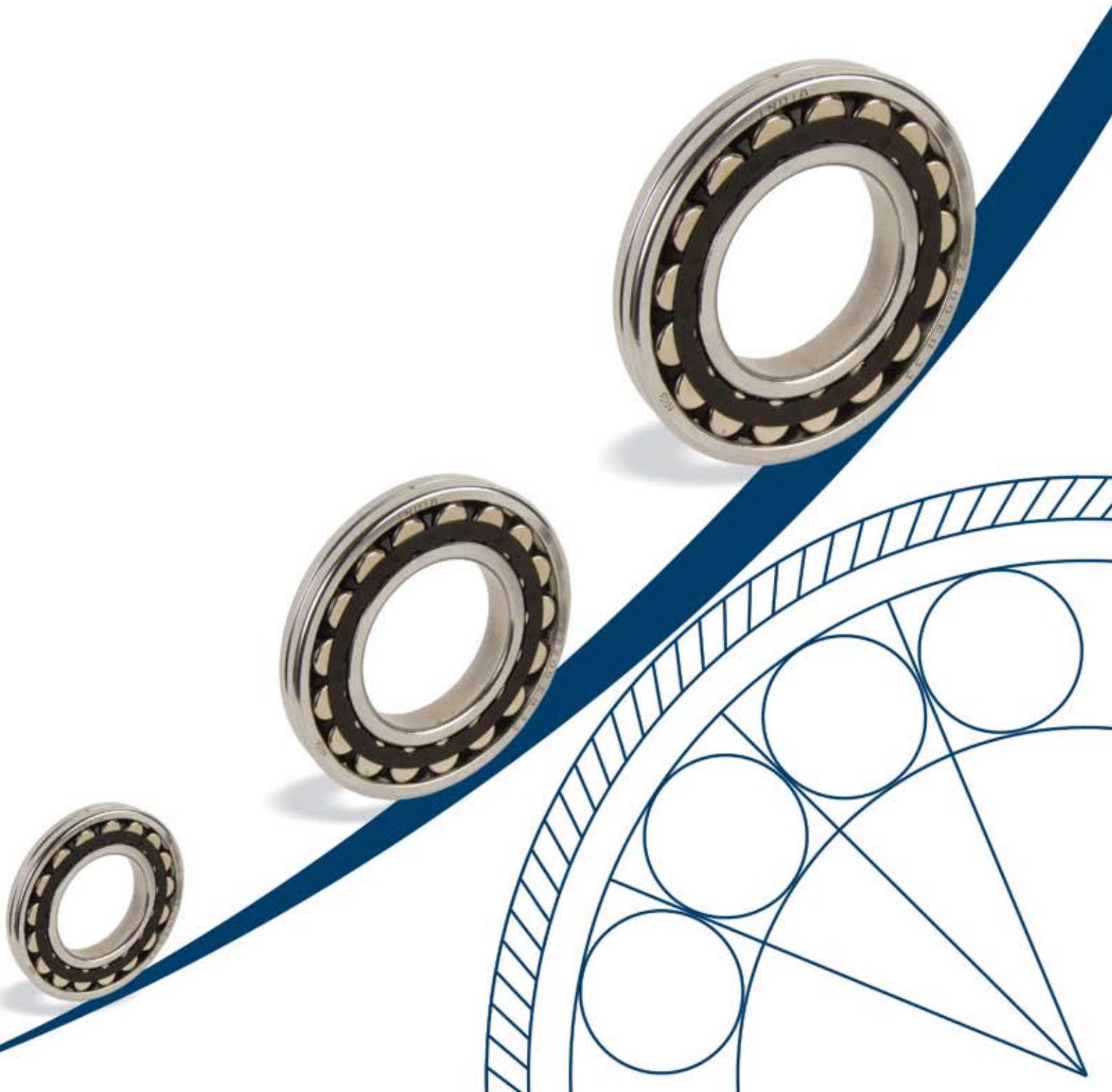




**45TH ANNUAL REPORT 2009-2010**



## ***NRB VISION***

“We want NRB to be the first choice for bearings and allied solutions for every application where we can be a market leader and to become a billion dollar company by 2020, with a presence in every vehicle in the world.”



**NRB • A MOVEMENT • A REVOLUTION**

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## **ANNUAL REPORT**

**2009-2010**

<b>Directors</b>	:	Trilochan Singh Sahney, <i>Chairman &amp; Managing Director</i> Dr. P. D.Ojha Dr. (Ms.) Kala S Pant Harshbeena S Zaveri Keki M Elavia Devesh S Sahney Anand N Desai
<b>Company Secretary</b>		Satish C Rangani Tel No. 22664160
<b>Bankers</b>	:	BNP Paribas Citibank N.A. Canara Bank Axis Bank Ltd.
<b>Auditors</b>	:	Deloitte Haskins & Sells
<b>Solicitors</b>	:	Wadia Ghandy & Co.
<b>Registered Office</b>	:	Dhannur, 15 Sir. P M Road, Fort, Mumbai 400 001. Tel. : 2266 4160 / 2266 4998 Fax : 2266 0412
<b>Works</b>	:	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) & (II) M.I.D.C., Waluj, Aurangabad-431 133  A-5, Uppal Industrial Estate, Hyderabad-500 039  Plot No.33, Sector – II, SIDCUL IIE Pantnagar, Udhamsingh Nagar, Uttarakhand-263 153.
<b>Registrar &amp; Share Transfer Agent</b>	:	Mondkar Computers Pvt. Ltd. 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093. Tel: 2836 6620, 2820 7203-05 Fax: 2836 9704, 2820 7207

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## **AGM NOTICE**

The Members,  
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of the members of the Company will be held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Wednesday 4th August, 2010, at 11.00 a.m. to transact the following business:

### **ORDINARY BUSINESS**

1. To receive and adopt the Accounts, Balance Sheet, Cash Flow Statements and the reports of the Directors and Auditors for the year ended 31st March, 2010.
2. To declare a dividend for the year ended 31st March, 2010.
3. To appoint a Director in place of Mr.K M Elavia 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.Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Registration no. ICAI 117365W) be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting, in place of M/s. A F Ferguson & Co., Chartered Accountants, Mumbai, the retiring auditors, 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 a **Ordinary Resolution.**

#### **Appointment of Mr. Anand N Desai as Additional Director**

**"RESOLVED THAT** Mr. Anand N Desai, who was appointed as an Additional Director by the Board of Directors of the Company on April 24, 2010, pursuant to Article 114(A) of the Articles of Association of the company and who holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation."

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

#### **Appointment of Mr.T S Sahney as Executive Chairman**

**"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 appointment of Mr.T S Sahney as Executive Chairman with effect from 1st October, 2010 for a period of three 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 terms and conditions are as under:

- A. Mr. T S Sahney, Executive Chairman shall carry out duties as may be entrusted to him subject to the supervision and control of the Board of Directors.

#### **Basic**

Rs.4,50,000 in the grade of Rs.3,00,000 - Rs.10,00,000

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

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

**(i) Housing**

1. Free unfurnished accommodation in case the accommodation is owned by the Company.
2. In case the accommodation is hired by the Company the expenditure by the Company on hiring such unfurnished accommodation for the Executive Chairman will be subject to a ceiling of 60% of the salary over and above 10% payable by the Executive Chairman.
3. In case no accommodation is provided by the Company, the Executive Chairman shall be entitled to house rent allowance subject to the ceiling of 60% of the monthly basic salary.

- (ii)** The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962.

**(iii) Leave travel assistance**

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

**(iv) Reimbursement of Medical Expenses**

Reimbursement of medical expenses for self and spouse.

**(v) Personal Accident Insurance**

Premium not exceeding Rs.5500/- p.a.

**(vi) Club Fees**

Reimbursement of membership fees for clubs.

- (vii)** Provision of car with driver and telephone at residence will not be considered as perquisites.

- (viii)** Contribution to Provident 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.

- C. **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 Executive Chairman for the relevant financial year.

D. **Minimum Remuneration**

**"RESOLVED FURTHER THAT,** in the event that during the currency of the tenure of Mr. T S Sahney as the 'Executive Chairman', the Company has no profits or its profits are inadequate, the consent of Company be and is hereby accorded, subject to the approval of the Central Government in this regard, to continue to pay the remuneration as mentioned herein and as determined by the Board of Directors to Mr. T S Sahney without any requirement of Mr. Sahney refunding to the Company, in accordance with the provisions of Section 309 of the Act, such part of the remuneration as agreed herein, which may be in excess of the remuneration payable to him in accordance with the provisions of the Act."

**"RESOLVED FURTHER THAT** if necessary, the Company be and is hereby authorised to make an application in the prescribed form within the prescribed period to the Central Government as per the provisions of Section 269 and Section 309 of the Act for obtaining its approval to payment of remuneration as provided above in the event it exceeds the limits provided in Part I and/or II of Schedule XIII to the Act and any of the Directors of the Company or the Company Secretary be and are hereby severally authorized to execute and sign such forms, writings, give such notice, as may be necessary in this regard."

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

**Appointment of Ms. H S Zaveri 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 appointment of Ms.H S Zaveri, as Managing Director with effect from 1st October, 2010 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 terms and conditions are as under:

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

**Basic**

Rs.4,00,000 in the grade of Rs.3,00,000 - Rs.10,00,000

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

**Cash allowances**

Other allowance Rs. 77,500 p.m. payable as per the rules of the company

**Perquisites**

In addition to the basic salary the perquisites noted below will also be payable.

**(i) Housing**

1. Free unfurnished accommodation in case the accommodation is owned by the company.
2. 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.
3. In case no accommodation is provided by the Company house rent allowance subject to a ceiling of 60% of the monthly basic salary.

- (ii)** The expenditure incurred by the company on providing gas, electricity, water and furnishings for the accommodation shall be valued as per the Income tax rules 1962.

**(iii) Leave travel assistance**

Once in a year, incurred in accordance with the rules specified by the Company, subject to a ceiling of Rs.1,00,000-p.a.

**(iv) Club Fees**

Reimbursement of membership fees for clubs.

**(v) Reimbursement of Medical Expenses**

Reimbursement of medical expenses for self, spouse and dependent children.

**(vi) Medical Insurance**

As per rules of the company.

**(vii) Personal Accident Insurance**

Premium not exceeding Rs.5500/- p.a.

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

(ix) 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.

**C. 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 Managing Director for the relevant financial year.

**D. Minimum Remuneration**

**"RESOLVED FURTHER THAT,** in the event that during the currency of the tenure of Ms.H S Zaveri as the 'Managing Director', the Company has no profits or its profits are inadequate, the consent of Company be and is hereby accorded, subject to the approval of the Central Government in this regard, to continue to pay the remuneration as mentioned herein and as determined by the Board of Directors to Ms.H S Zaveri without any requirement of Ms.H S Zaveri refunding to the Company, in accordance with the provisions of Section 309 of the Act, such part of the remuneration as agreed herein, which may be in excess of the remuneration payable to her in accordance with the provisions of the Act."

**"RESOLVED FURTHER THAT,** if necessary, the Company be and is hereby authorised to make an application in the prescribed form within the prescribed period to the Central Government as per the provisions of Section 269 and Section 309 of the Act for obtaining its approval to payment of remuneration as provided above in the event it exceeds the limits provided in Part I and/or II of Schedule XIII to the Act and any of the Directors of the Company or the Company Secretary be and are hereby severally authorized to execute and sign such forms, writings, give such notice, as may be necessary in this regard."

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

**Amendment of Memorandum of Association**

**"RESOLVED THAT** pursuant to provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 the Authorised Share Capital of the Company be increased from Rs.10,00,00,000 (Rupees Ten Crores only) divided into 5,00,00,000 Equity Shares of Rs.2/- each by creation of additional 5,00,00,000 (Five Crores only) Equity Shares of Rs.2/- each ranking pari passu in all respects with the existing equity shares of the company, to Rs. 20,00,00,000 (Rupees Twenty Crores only)"

**"RESOLVED FURTHER THAT** the Memorandum of Association of the company be and is hereby altered by substituting the existing clause V thereof by the following clause V:

"V. The Authorized Share Capital of the company is Rs.20,00,00,000 (Rupees Twenty Crores only) divided into 10,00,00,000 (Ten Crores only) Equity Shares of Rs.2/- (Rupees Two only) each with the rights, privileges and conditions attaching thereto as are provided in the Articles of Association of the company with power to increase or reduce or repay the capital or any portion thereof at any time and from time to time in accordance with the Articles of the Company and the legislative provisions for the time being in that behalf. The shares in the Capital of the Company for the time being whether original or increased may be divided, consolidated, and sub-divided into several classes by any issue of any class, of any value, with such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and with the right to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."



**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors or any Committee thereof of the company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard, and to comply with all other requirements in this regard and for any matters connected herewith or incidental here to. "

#### 10. **Issue of Bonus Shares**

To consider and, if thought fit, to pass with or without modifications, the following Resolution as an **Special Resolution:**

**"RESOLVED THAT** in accordance with the relevant provisions of the Articles of Association of the Company and recommendation of the Board of Directors and subject to the Regulations issued by the Securities & Exchange Board of India and subject to such consents and approvals as may be required in this regard, consent of the Members be accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution), for capitalization of such amount out of the amount standing to the credit of the Share Premium Account as may be considered necessary by the Board for the purpose of issue of Bonus Shares 1(one) bonus equity share of the face value of Rs.2/- each credited as fully paid Equity Shares for every 1 (one) Equity Share held by the members whose names appear in the register of members or as the beneficial owners of the equity shares of the company, in the records of the depositories, at the close of business on such date (hereinafter referred to as the "record date" to be hereafter fixed by the Board."

**"RESOLVED FURTHER THAT :**

- a. the issue and allotment of the Bonus Shares to the extent they relate to Non-Resident Indians, Persons of Indian Origin and other foreign investors of the Company will be subject to the approval of the Reserve Bank of India, as may be necessary."
- b. the new Equity Shares of Rs.2/- each to be allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with and carry the same rights as the existing Equity Shares and shall be entitled to participate in full in any dividend to be declared for the financial year in which the Bonus Shares are allotted."
- c. no Letter(s) of Allotment shall be issued to the allottees of the Bonus Shares and that the Share Certificates in respect of the new Equity Shares shall be issued and dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf, from time to time, except that the Bonus Shares will be credited to the demat accounts of the allottees who are holding the existing Equity Shares in the electronic form."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of the Bonus Shares so allotted on the Stock Exchanges where the securities of the company are listed as per the provisions of the Listing Agreement."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be authorized to do all such acts, deeds, matters and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the issue, allotment and distribution of the new Equity Shares."

By Order of the Board

**S C Rangani**  
Secretary

June 1, 2010

#### **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 Register of Members of the Company and Transfer Books thereof will be closed from 27th July, 2010 to 4th August, 2010 (both days inclusive).
3. The dividend after declaration, will be paid to those shareholders whose names appear in the Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before 26th July, 2010.

In respect of shares held in electronic form, to those "Deemed Members" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the end of business hours on 26th July, 2010.

Members and all others concerned are requested to lodge transfer deeds, change of address communication, 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 before 26th July, 2010.

4. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In the absence of NECS facilities, the company will print the bank account details if available, on the payment instrument for distribution of dividend.

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

### **Item No: 6**

#### **Appointment of Mr. Anand N Desai as Additional Director**

The Board of Directors appointed Mr. Anand N Desai as Additional Director vide Circular Resolution dated 24th April, 2010 effective that date. In terms of section 260 of the companies Act, 1956 and Article 114(A) of the Articles of Association of the Company, Mr. Desai holds office as Director upto the date of the ensuing Annual General Meeting of the Company and is eligible for re-appointment as Director.

The Company has received notice under section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member proposing the candidature of Mr. Anand N Desai for the office of Director. The Board considers that his association as Director will be beneficial and in the interest of the company.

The Directors recommend passing of the resolution set out at item no.6 of the accompanying notice. Except Mr. Anand Desai none of the other Directors are interested or concerned with the resolution.

### **Item No : 7**

#### **Appointment of Mr.T S Sahney as Executive Chairman**

Mr. T S Sahney was appointed as Managing Director of the company for a period of 5 years with effect from October 1,2005 at the Annual General Meeting of the company held on August 11,2005.His term ends on 30th September'2010.

Considering the growth plans of the company in the next few years, the Board of Directors at their meeting held on 24th May,2010 approved a restructuring of the management structure and have approved the appointment of Mr. T S Sahney as Executive Chairman for a period of 3 years with effect from 1st October,2010. The Board considers that the company can benefit immensely from the wealth of knowledge and experience that Mr. T S Sahney has accumulated during his working in the bearings industry. As members are aware, Mr. T S Sahney is one of the founder – promoters of the company and has nurtured its growth since its inception.

The Directors recommend passing of the resolution set out at item no.7 of the accompanying notice. Except Mr. T S Sahney, Ms. H S Zaveri and Mr. D S Sahney none of the other Directors are interested or concerned with the resolution.

**Item No : 8****Appointment of H S Zaveri as Managing Director**

Ms.H S Zaveri was appointed as President and Whole time Director of the company for a period of 5 years with effect from April 1,2005 at the Annual General Meeting of the company held on August 11,2005. At the board meeting held on 30th January, 2009 the Board of Directors have approved the re-appointment of Ms. H S Zaveri as President and Whole time Director for a further period of 5 years w.e.f. 1st April, 2009 to 31st March, 2014 on the terms and conditions including remuneration as approved at the board meeting held on 7th June, 2007. The Board of Directors at their meeting held on 24th May, 2010 have enhanced the remuneration of all Whole time Directors in line with market levels w.e.f.1st April, 2010.

Considering the growth plans of the company in the next few years, the Board of Directors at their meeting held on 24th May,2010 approved a restructuring of the management structure and have approved the appointment of Ms.H S Zaveri as Managing Director for a period of 5 years with effect from 1st October, 2010. The Board considers that Ms.H S Zaveri can steer the company on its committed path of rapid growth to benefit from the strength of the fast growing Indian automotive industry and will help the company exploit synergies in all sectors and leverage opportunities as they arise.

The Directors recommend passing of the resolution set out at item no.8 of the accompanying notice. Except Mr. T S Sahney, Ms. H S Zaveri and Mr. D S Sahney none of the other Directors are interested or concerned with the resolution.

**Item Nos: 9 & 10****Amendment of Memorandum of Association/Issue of Bonus Shares**

In view of the proposed issue of Bonus Shares, the Authorised share capital of the company is being increased from the existing Rs.10 crores comprising 5,00,00,000 Equity Shares of Rs.2/- each to Rs.20 crores comprising of 10,00,00,000 Equity Shares of Rs.2/- each and for this purpose the Memorandum of Association of the Company is proposed to be altered in terms of Section 94 of the Companies Act, 1956, in the manner set out in item no.9 of the Notice.

At the meeting held on 1st June, 2010 the Board has recommended issue of Bonus shares in the ratio of 1:1 i.e. one new fully paid equity share of Rs.2/- each for every one fully paid equity share of Rs.2/- each to the eligible members of the company as on the record date to be fixed by the Board for this purpose.

The Bonus issue is expected to increase the market capitalization of the company and also result in improved liquidity.

The Bonus shares shall be issued pursuant to the applicable provisions of the Companies Act, 1956, Article 165 of the Articles of Association of the Company, the SEBI (Issue of Capital and Disclosure requirements) Regulations 2009 and subject to such other approvals, if any required, after capitalizing an appropriate sum as may be determined by the Board out of the amount standing to the credit of the Share Premium Account.

The Bonus shares so allotted shall rank pari passu in all respects and carry the same rights as the existing fully paid up equity shares of the company.

The Directors of the company may be deemed to be concerned or interested in the issue of Bonus shares to the extent of their respective shareholding in the company.

Items 9 & 10 are in the interest of the company and the Board commends the same for approval of members.

**Notes on Directors seeking appointment/re-appointment**

As required under Listing Agreement, particulars of Directors who are to be appointment/re-appointed are given below:

**1. Mr.K M Elavia**

Age	64 Years
Qualifications	B.Com (Hons) FCA
Expertise/Experience	39 years of post qualification experience. Former partner of M/s.Kalyaniwalla & Mistry,Chartered Accountants
Director Since	30.01.2006
List of other Indian Public companies In which Directorship is held	1. Allcargo Global Logistics Limited 2. Goa Carbon Ltd. 3. Sulzer India Ltd 4. Uni Abex Alloy Products Ltd 5. Uni Deritend Ltd. 6. Uni Klinger Ltd. 7. Great Offshore Ltd. 8. Insilco Ltd. 9. Peerless Trust Management Co.Ltd.
Chairman/Member of Committees in other public companies in which he is a Director	1. Member Shareholders'/ Investors' Grievance Committee - Sulzer India Ltd. 2. Chairman of Audit Committee - Sulzer India Ltd. - Uni Abex Alloy Products Ltd. - Allcargo Global Logistics Ltd. - Peerless Trust Management Co.Ltd. 3. Member of Audit Committee - Goa Carbon Ltd. - Insilco Ltd.
No.of shares held	Nil

**2. Ms.H S Zaveri**

Age	50 Years
Qualification	AB(BA)USA, B.Ed
Expertise/Experience	23 years in industry in responsible positions in the areas of Corporate Planning, Purchase & Imports, Marketing. Since January 2001 designated as President with responsibility for the entire operations of the company.
Director Since	1995
List of other Indian Public companies In which Directorship is held	SNL Bearings Ltd
Chairman/Member of Committees in other public companies in which he is a Director	SNL Bearings Ltd- Member-Audit Committee Member-Shareholder/Investor's Grievance Committee
No.of shares held	19,43,470

**3. Mr. Anand N Desai**

Age	49 years
Qualification	Law degree from the Bombay University and completed his LLM in international Law from the University of Edinburgh, Scotland.
Expertise/Experience	He is the managing partner DSK Legal, one of India's leading law firms. He has extensive experience in the fields of banking and financial services law, intellectual property rights, amongst others.
Director Since	24th April, 2010
List of other Indian Public companies In which Directorship is held	-
Chairman/Member of Committees in other public companies in which he is a Director	-
No.of shares held	-

By Order of the Board

**S C Rangani**  
Secretary

June 1, 2010

## DIRECTORS' REPORT

To  
The Members  
NRB BEARINGS LIMITED  
Mumbai

Your Directors have pleasure in presenting their Fortyfifth Annual Report together with Audited Accounts for the year ended 31st March, 2010.

1. <b>Financial Results</b>	<b>Year ended 31st March, 2010 Rs. lacs</b>	<b>Year ended 31st March, 2009 Rs. lacs</b>
Profit before providing for Depreciation and taxation	5669.46	2855.53
Less: Depreciation	1954.50	1939.47
Provision for taxation		
Current (net)	1250.00	280.07
Deferred	24.07	129.67
FBT	-	80.00
Profit after taxation	2440.89	426.32
Add: Balance brought forward	2040.47	2571.31
	<u>4481.36</u>	<u>2997.63</u>
Appropriation:		
Dividend	969.23	775.38
Tax on distributed profits	160.97	131.78
General Reserve	244.09	50.00
Debenture redemption reserve	333.33	--
Profit & Loss Account	2773.74	2040.47
	<u>4481.36</u>	<u>2997.63</u>

### 2. **Appropriation**

#### **Dividend**

Directors recommend dividend of Rs. 2.00/- per equity share of Rs.2/- (Rs.1.20 per share for previous year) payable to members/beneficial owners as per the Register of Members as applicable aggregating Rs.969.23 lacs.

#### **Bonus**

Directors recommend issue of bonus shares in the ratio of 1:1 i.e. one new fully paid up equity share of Rs.2/- each for every one fully paid up equity share of Rs.2/- each, to the eligible members of the company as on the record date to be decided by the Board later.

### 3. **Operations / Outlook**

Sales (net of excise duty) for the year ended 31st March, 2010 were Rs. 34660 lacs as against Rs.28842 lacs in the previous year, an increase of 20.2%. Profit before tax (PBT) was at Rs.3714 lacs as compared to Rs.916 lacs in 2008-09, up by 305.46%. After providing for current and deferred taxes, the Profit after tax (PAT) was Rs.2440.89 lacs (Rs.426.32 lacs in 2008-09), up by 472.55%.

2009-10 began with uncertainty created by the worldwide financial crisis. The Indian economy, though a domestic driven economy, echoed the global shock, resulting in an overall slowdown in business volumes

in the initial quarters. Timely and exigent steps taken by governments across the world, and successive stimulus packages from the Indian government, helped restore growth and rebuild investor confidence, by creating an atmosphere conducive to investment and growth. India's GDP growth of 7.2 % has been creditable.

The company has managed a satisfactory performance in a fairly challenging environment and returned to the level of profitability as achieved in the recent past.

At present, in the midst of a new business year, the market outlook for India is more optimistic and confident and it does appear the worst is behind us. Going forward, it is believed that the economic recovery will be driven by a new phenomenon – growing consumer spending in emerging markets with India at the forefront. Initiatives undertaken by the Government to develop infrastructure are playing a crucial role in establishing the pace of recovery. The manufacturing sector, in particular the automobile industry, benefitting from the stimulus packages and also leaner operating costs, has shown encouraging numbers.

The demand scenario looks upbeat and will provide us an opportunity to further exploit our potential to reap good returns. There are some caveats – input prices are increasing leading to inflationary pressures and input demand–supply mismatch caused by the unexpected surge in user requirements, are causes for concern. The management is taking cognizance of these challenges and is geared to face them.

As required under the new Accounting Standards, related party transactions, calculations of earnings per share, provision of deferred tax liability and consolidated accounts of the company and its subsidiaries are made a part of the Annual Report.

#### **4. Public Deposits**

The company has not taken fixed deposits during the year. There are no unclaimed deposits.

#### **5. Directors**

Mr. K M Elavia and Ms.H S Zaveri retire by rotation pursuant to Article 111 of the Articles of Association and are eligible for reappointment.

Mr. Anand N Desai has been appointed Additional Director in April' 2010 and will cease to hold office at the forthcoming Annual General Meeting. He is eligible for reappointment.

Attention of the members is invited to the relevant items of the Notice of the Annual General Meeting and the Explanatory Statement thereto.

#### **6. Subsidiaries and Joint Venture Company**

As of 31st March, 2010 the company has two subsidiaries viz. SNL Bearings Ltd (SNL) and NRB Bearings (Thailand) Ltd. The consolidated results include the working of these subsidiaries and of the joint venture Company Schneeberger (India) P. Ltd.

SNL Bearings, in which your company holds 68.78% equity, has reported a lower PAT of Rs.5 lacs (previous year Rs.100 lacs). These results are after accounting the payment of Rs 195 lacs towards VRS implemented by the company during the year. The company management has been able to stabilize its production volumes at higher levels during the last two quarters of the last fiscal and look forward with cautious optimism to improved financial results during the current year.

NRB Bearings (Thailand) Ltd, a wholly owned subsidiary, has incurred a loss of THB 19.805 million (Rs. 277 lacs approx). To complement the current trading and brand building activities, commercial production of identified fast moving products is expected to commence during the first half of 10-11.

Schneeberger (India) P. Ltd. has for the financial year ended 31st December, 2009, net revenue Rs. 38.72 lacs and PAT Rs. 7.72 lacs. Dividend @ 22.5% has been declared for the year.

#### **7. Information regarding employees**

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees), Rules, 1975 forms part of this report.

**8. 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.

**9. Industrial Relations**

During the year the company maintained cordial relations with the workmen's unions at all plants.

**10. Safety, Health and Environment**

The company's plants at Thane, Aurangabad, Waluj, Hyderabad and Jalna have already been awarded internationally recognized external certification viz. ISO14001:2004 (for adherence to environmental processes), OHSAS:18001:1999 (for Health & Safety) and ISO/TS:16949:2002 (quality management)

The company is committed to establishing and maintaining a safe working environment that promotes the health and performance of all our employees as well as taking active measures to protect the environment. The commitment to the environment extends beyond legal compliance requirements and initiatives are underway across the company's locations to minimize the consumption of natural resources and reducing waste and emissions and include greening programmes, rainwater harvesting, vermiculture, treatment plants, etc.

Safety is accorded the highest priority by the company. The Safety policy inter alia ensures safety of public, employees, plant, equipment and business associates, ensuring compliance with all statutory rules and regulations on an ongoing basis. Several training programmes and communication tools have been put in place. TPM techniques like Poka Yoke (mistake proofing), photo-electric safety guards, two hand switch operations, gas and fumes detection systems have been implemented on machines to minimize accidents. Special initiatives are being taken up such as mock drills, upgradation of Fire protection systems, encouraging reporting of near-miss incidents. All plants are striving to achieve "Accident Reduction".

**11. Corporate social responsibility**

Your company has always believed in and worked towards "inclusive growth"- improving the quality of life of the people we touch and in the communities where we operate. The company is further strengthening its partnership with the local authorities (adoption of ITI's at Jalna, Ambad, Gangapur and Devulgaonraja and upgradation of ITI's at Usmanbad and Nilanga) contributing to the skills development of locals.

As part of a worldwide education initiative to prepare the engineers of the future, in collaboration with FIRST (of USA) and Parametric Technology Co. (PTC) your company is implementing First Tech Challenge (FTC) in high schools to inspire youth in science, technology, engineering and math skills, by engaging them in team-based, mentor based programs to use robotics. Starting with 7 high schools this year, the plan is to extend it progressively to 1500 schools in the coming years. The project is part of a technological literacy movement that seeks to bridge the academic gap and inspire all students to design products of the future.

The company continues its co sponsorship of a project launched by TERI (The Energy and Resources Institute, Mumbai) to target 2000 children from 20 municipal schools in and around Mumbai in an environment education and awareness project- global warming biodiversity, water, waste and energy.

**12. Corporate governance**

Pursuant to clause 49 of the listing agreements with the stock exchanges, a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report.

The Code of Conduct for directors and Senior Management personnel of the company, as approved by the Board, has been affirmed on an annual basis by all the directors and the Senior Management personnel of the Company.

The relevant certification on the various matters specified under paragraph V of clause 49 has been done by the Managing Director and the Chief Financial Officer of the Company.

In the context of mandatory requirement to present consolidated accounts, which provide members with a consolidated position of the company including subsidiaries, at the first instance members are being provided



with the report and Accounts of the Company treating these as abridged accounts as contemplated by section 219 of the Companies Act, 1956. We have provided the abridged balance sheet and the abridged profit and loss account of the subsidiary companies to the members. Copies of the unabridged balance sheet, unabridged profit and loss account and other documents annexed to the same shall be made available for inspection at the registered office of the company.

Members desirous of receiving the full Report and Accounts of the subsidiaries will be provided the same on receipt of a written request from them. This will help save considerable cost in connection with printing and mailing of the Report and Accounts.

### **13. Directors' responsibility statement**

In accordance with Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- i. in the preparation of annual accounts, all applicable accounting standards have been followed and no material departures have been made from the same;
- ii. accounting policies as listed in the Schedule 19 to the financial statements have been selected and consistently applied and reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2010 and of the profit of the Company for the accounting year ended on that day;
- iii. proper and sufficient care for maintenance of adequate accounting records has been taken in accordance with the provisions of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv. the Annual Accounts have been prepared on a going concern basis.

### **14. Audit Qualification**

The Auditor's Report for the year ended 31st March 2010 draws attention to note 11(a) of Schedule 20 that inadequate profits during the previous year have resulted in excess remuneration of Rs 44.28 lacs having been paid to the Managing Director and one Wholetime Director considering the provisions of Sections 198 and 269, read with Schedule XIII of the Companies Act, 1956. The application for waiver of such excess remuneration is pending the approval of the Central Government. The fundamental parameters for the company are sound, the adverse factors have corrected in the current financial year and considering the past financial performance of the company the necessary approvals should be forthcoming.

### **15. Auditors**

M/s. A F Ferguson & Co. have declined re-appointment as Auditors of the company. M/s Deloitte Haskins & Sells, Chartered Accountants, have agreed to be appointed as Auditors and the Board recommends the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, as the Auditors of the Company.

A certificate from the auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

### **16. Acknowledgement**

The Directors wish to convey their appreciation to all of the company's employees for their enormous personal efforts as well as their collective contribution to the company's performance. The Directors also wish to thank the shareholders, customers, dealers, suppliers, bankers and all other business associates for the continuous support given by them to the company and their confidence in its management.

Your Directors look forward to the future with confidence..

On behalf of the Board

**T S Sahney**  
Chairman

Mumbai : Jun 1, 2010

## ANNEXURE TO DIRECTORS' REPORT

### Particulars under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

#### A. Measures taken for Conservation of Energy

The company has always been conscious of the need for conservation of energy. Efforts for conservation of energy in all areas are made on a continuous basis- maximizing use of daylight, using energy efficient lamps, optimum utilization of furnaces, providing variable speed drive for motors on machines, arresting leakages in compressed air piping and electrical systems and use of alternate fuel in assembly. The major areas where specific energy conservation measures have been implemented during the year are :-

- At all plants the power factor is continually monitored and maintained in the range of 0.98 to 1.00 resulting in substantial savings in energy bills by way of rebates from the State Electricity Boards.
- At Jalna, usage of energy efficient vacuum pumps and motors in the heat treatment and grinding areas have resulted in annual savings of Rs.2.02 lacs.
- At Waluj, Express feeder was commissioned resulting in 24 X 7 electrical supply and savings on diesel amounting to Rs.22 lacs (1,06,560 ltrs of diesel saved on DG set), use of energy efficient lights replacing 250W mercury vapour lamps resulted in savings of Rs. 1.75 lacs (34,000 units), and replacement of 5 HP pumps of cooling tower with energy efficient pumps giving a saving of Rs.0.87 lacs (17,000 units).
- At Hyderabad, provision of better quality timers and controllers in the furnace resulted in power saving of 10% and drip irrigation system for watering of plants resulted in savings in water consumption.
- At Thane, installation of APFC panel resulted in power saving Rs.24 lacs, auto ignition for furnace saved Rs.1.26 lacs (2.8 mt LPG) and replacement of 5 HP centrifugal pumps with submersible pumps for furnace and compressors gave savings of Rs.0.48 lacs.
- At Aurangabad existing 300 W lights replaced by 200 W fixtures resulting in savings of Rs.0.34 lacs (7,500 units), and AC drives fitted in place of starters giving annual savings of Rs.4.9 lacs (109012 units). Replacement of old pipes have resulted in lowering water consumption from 3535 cubic mtrs to 1982 cubic mtrs.

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

The company has a continuing programme to enhance its range of products to meet the future needs of the evolving market by providing a strong proposition for its customers. Operators are involved to identify the root causes using why why analysis. To reduce defectives produced on the machines, the company is implementing a robust quality assurance system in which all parameters critical to a customer will be identified and 100% inspection organized for continuing analysis and improvement initiatives.

As part of this programme, its engineering and technology development centers have carried out improvements as detailed below:

Specific areas in which R&D is carried out by the company	Main thrust during the year was on : <ul style="list-style-type: none"><li>i. New product development</li><li>ii. Improvement in design process</li><li>iii. Enhancement of analytical capabilities<ul style="list-style-type: none"><li>- in advanced FEM simulation</li><li>- in advanced transmission analysis</li><li>- accurate profile optimization of bearing elements</li><li>- prediction of HT parameters using stress analysis</li><li>- planetary transmission analysis with power losses</li></ul></li><li>iv. Low cost automation</li></ul>
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Benefits derived as a result of the above R&D	<ul style="list-style-type: none"> <li>i. There was quantum jump in New product development with special efforts for exports.</li> <li>ii. All products meet environmental norms of Europe and America. They also meet ELV, ROHS, SoC and radio activity requirements in totality.</li> <li>iii. Design verification process strengthened, resulting in improved quality of design, reduced design cycle time and First Time Right.</li> <li>iv. Analytical capabilities enhanced by usage of ROMAX transmission analysis software.</li> <li>v. Implemented low cost automation by way of auto feeding systems, auto loading and unloading of components and auto detection of missing components.</li> </ul>
Future plan of action	<ul style="list-style-type: none"> <li>i. The company's Engineering personnel at all plants are continuously working on reduction in development time through concurrent engineering. Suppliers are being inducted at the initial stage of development to reduce time.</li> <li>ii. Working on development of thick series drawn cup needle bush as replacement of Cylindrical Roller Bearings in critical shaft support applications.</li> <li>iii. Working towards developing core competency in grease.</li> <li>iv. Efforts are continuing to improve testing facilities by installing many more simulated test rigs.</li> <li>v. Analytical Engineering: <ul style="list-style-type: none"> <li>- To develop competencies in lubrication flow analysis and develop bearing features for reduced power losses.</li> <li>- To develop methodologies of bearing kinematic studies for fail safe bearings</li> </ul> </li> </ul>
Expenditure on R&D	During the year an amount of Rs.283.53 lacs has been incurred on revenue and Rs.35.10 lacs on capital account for R & D expenses.

### C. Foreign exchange earnings and outgo

Foreign exchange earnings	Rs. 2756 lacs
Foreign exchange outgo	Rs. 4838 lacs

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees), Rules, 1975

Name, Qualifications & Designation	(Age) Experience	Date of comm. of emplmt.	Remuneration Rupees	Last employment
Mr. T S Sahney, M.A Chairman & Managing Director	(82) 63	17.7.1966	1,27,85,113	--
Ms. H.S.Zaveri, A.B(USA), President	(50) 23	01.10.1987	91,83,255	--
Mr.D S Sahney, BBA (UK), MBA Director-Strategic Sourcing	(41) 17	Oct 1993	61,82,267	Credit Lyonnais Bank, Trainee
Mr.S.C.Rangani, BCom,MMS,ACS Sr.V P & Co.Secretary	(61) 39	22.02.1993	48,53,400	GM-Finance & Systems Poysha Ind. Co.Ltd.
Dr.S M Singhi, BSc,LLM,Ph.D (Law) V P Personnel	(57) 33	15.07.1991	37,76,485	Sr.Manager-HR Lloyds Steel Indus.Ltd
Mr.R Krishna * B.A, MBA (HRM) VP-HR	37 (13)	23.03.2010	79,548	GM-HR, Essar (Loop Mobile)
Mr.A S Kohli ** BE (Mechanical),PGDIM VP-Special Projects	(53) 32	04.03.1996	11,20,170	General Manager Coventry Spring & Engg. Co.Ltd.

Name, Qualifications & Designation	(Age) Experience	Date of comm. of emplmt.	Remuneration Rupees	Last employment
Mr.R Sen * BE (Mech), PGCGM V P Sales & Marketing	48 (25)	01.04.2005	19,30,873	GM-Western Region Lucas India
Mr.A Chaudhuri, B.Tech.PGDBM Sr.V P Operations	(56) 32	01.07.2006	43,45,359	Chief (Operations & Tech.Services) Tata Steel Ltd, (Bearings Divn)
Mr. R Matkar B.E (Mech), M.E. (Prod.) V P Projects & Logistics	57 (33)	02.08.2005	31,37,400	Vice President (Supply chain & Sourcing), Celetronix (India)
Mr.P Ray, B.E (Mech) V P Engineering	54 (32)	19.07.1999	30,82,624	Head of Design & Development Tata Steel Ltd,(Bearings Divn)
Ms.Jyotsna.S BCom,CA,CPA VP-CFO	(43) 16	23.03.2009	44,27,906	Global Manager-Finance, SKF Asia Pacific Pvt.Ltd.
Mr.H H Kamping Degree in Mech.Engg. V P International Business Development	(54) 30	11.06.2007	1,02,82,859	Chief Engineer Automotive Timken, Halle/West Falen

\* Part of the year

\*\* On secondment to NRB Bearings (Thailand) Ltd.

The nature of employment is contractual and terms of remuneration for wholetime Directors are governed under Board and Members' resolutions. Gross remuneration includes salary, bonus, commission, company's contribution to provident fund and superannuation scheme, allowances, perquisites, leave encashment as applicable but excludes contribution to gratuity fund made on the basis of actuarial valuation.

On behalf of the Board

**T S Sahney**  
Chairman

Mumbai : May 24, 2010

## **CEO/CFO CERTIFICATION**

The Managing Director (CEO) and the CFO of NRB Bearings Ltd hereby certify to the board that:

- a. we have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations
- b. to the best of our knowledge and belief there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operations of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. we have indicated to the auditors and the Audit Committee:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

### **For NRB BEARINGS LTD**

**T. S. SAHNEY**

Managing Director (CEO)

Mumbai : May 24, 2010

**JYOTSNA. S**

(CFO)

### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management personnel and the same has been placed on the Company's web site. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended 31st March, 2010.

Mumbai : May 24, 2010

**T. S. Sahney**  
Chairman

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The company is in the ball and roller bearing business and is the only manufacturer in India making all the broad types of bearings viz. ball bearings, needle/cylindrical/ spherical/tapered /thrust roller bearings. The annual production of the domestic organized sector has increased by 14% at Rs. 3200 crores for the year 2009-10. Your company's market share in the domestic organized sector is 11.50%.

Fiscal 2009-10 began with India's GDP growth slowing to 6.7% in 2008-09, down from an average of 9.5% in the previous 3 years. After a brief but sharp slowdown in the after math of the financial crisis that began in the developed economies, India was still able to recover to become the second fastest growing economy in the world. The combination of a stable and sound financial system, effective regulatory oversight and a prompt and appropriate policy stimulus response helped the economy withstand much of the adverse effects of the global slowdown. Secondly strong domestic demand for consumer goods has been a reason for the growth remaining relatively robust. The strong domestic demand is now also increasingly being augmented by improving external trade. The recovery could have been even swifter and broader had agricultural output not been adversely affected by deficit rainfall. However inflationary conditions in 2009-10 especially in the second half of the year, with double digit food inflation remain an area of concern. The overall GDP growth for 2009-10 is estimated at 7.2%. The improvement in the prospects of a GDP growth of approx 8.5% in 2010-11 is likely to enhance savings and provide domestic liquidity at reasonable cost to fund capex plans.

Despite the recent slowdown in economic growth the Indian economy has rebounded within a short period. With the economy on a high growth path and with a young population with increasing disposable incomes, the Indian automotive industry is expected to provide significant growth opportunities. India's automotive sector is expected to be one of the fastest growing in the world over the next several years. The Indian governments Automotive Mission Plan 2016 will facilitate such growth and targets a doubling of the automotive industries contribution to the Indian economy between 2006-2016.

Your company is investing significant resources towards expansion of its technological and product development capabilities to actively participate in such growth. Your company is also actively scouting overseas markets to supplement and strengthen its domestic market.

The WTO and the FTA negotiations with ASEAN, SAARC and the Mercosur countries are likely to lead to lower tariffs in many of the companies target export markets. This could provide a significant opportunities to generate larger volumes from export sales and build on the company's strategic emphasis for development of exports.

The impact of the recessionary pressures has been minimal on the rural economy. Agriculture will continue to be the priority area for government as India has a large rural population dependant on farming and allied industries. This coupled with the significantly lower levels of mechanization compared to the global average indicates that there is great growth potential for tractors and farm equipment in the country.

During 2009-10, the automotive industry, the largest consumer of quality bearings, has witnessed buoyant growth in almost all segments. Tabled below are growth estimates for 2010-11 projected by the company, after assessing demand forecasts with all major OEMs:

	Vehicle Production (Nos)				
User Industry	2009-10	2008-09	% growth	% growth (2010-11 Est)	
2-Wheelers					
Motorcycle	84,44,852	67,98,118	24.22	-	
Scooter	14,94,409	11,61,276	28.69	-	
Mopeds	5,71,070	4,36,219	30.91	-	
<b>Total</b>	<b>1,05,10,331</b>	<b>83,95,613</b>	<b>25.19</b>	12	
3-Wheelers	6,19,093	4,97,020	24.56	}	12
Passenger Cars	19,26,484	15,16,967	27.00		}
MUV/MPV	4,24,756	3,21,626	32.11	}	
HCV/MCV	2,50,171	1,92,283	30.11		}
LCV	3,16,437	2,24,587	40.90		
Tractors	4,05,000	3,52,000	15.06		
<b>Total</b>	<b>1.44.52.272</b>	<b>1.15.00.096</b>	<b>25.67</b>		18

Source: SIAM for 2009-10 and 2008-09 production data and company estimates.

## FINANCIALS

In 2009-10, turnover, net of excise duty, increased by 20.2% to Rs.34660 lacs from Rs.28842 lacs. Domestic sales increased by 31.1% from Rs.24424 lacs to Rs.32016 lacs while exports declined by 40% to Rs.2645 lacs from Rs. 4418 lacs.

The table below sets forth the key expense items as a percentage of net revenues for 2008-09 and 2009-10. The relentless increase in global steel prices sharply increased costs of materials consumed and partially negated the operational efficiencies and cost cutting initiatives. The growth in volumes and productivity improvements led to Employee costs moving downwards.

	Percentage of Turnover Year ended March 31	
	2010	2009
Turnover (net of excise duty)	34660(100%)	28842(100%)
Expenditure:		
- Material (Including change in stock)*	52.59	50.71
- Employee Cost	17.91	18.90
- Manufacturing and Other expenses (Net)	10.93	17.55
Total Expenditure	81.43	87.16
Profit before Depreciation, Interest and Tax	18.57	12.84
Depreciation	5.64	6.67
Interest (Net)	2.21	3.02
Profit before Exceptional Items and Tax	10.72	3.15

\* Increase in the price of steel inputs

Benchmarked against other large players in the domestic bearings industry, your company's performance compares favourably this year as below:

Ratio / Year Ended	SKF	FAG	TIMKEN	NRB
	31.12.2009	31.12.2009	31.12.2009	31.03.2010
Operating Profit (PBDIT) to Net Sales - %	6.48	11.32	18.75	18.57
RONW - PAT/NetWorth -%	13.18	14.19	9.87	13.09
ROCE - PBT/Cap Employed - %	20.02	21.36	13.62	12.67
EPS *	17.90	39.44	5.10	5.14

\* For SKF, FAG and Timken F.V.Rs.10/- per share and for NRB F.V.Rs. 2/- per share

## ECONOMIC VALUE ADDITION

EVA is residual income after charging the company for the cost of capital provided by the lenders and shareholders. It represents the value added to the shareholder by generating operating profits in excess of the cost of capital employed in the business.

	Rs. In Lacs	
EVA	2009-10	2008-09
EBIT	4482	1793
Less: Adjusted Tax	1448	610
NOPAT (Net Operating Profit less tax)	3034	1183
Equity	19034	17450
Debt	8095	12983
Total Invested Capital	27159	30433
Post Tax Cost of Debt %	4.70	7.20
Cost of Equity %	12.00	10.50
Weighted Average Cost of Capital % (WACC)	9.81	9.13
Weighted Average Cost of Capital (WACC)	2265	2770
EVA (NOPAT – WACC)	369	-1587

Notes : Tax calculation excludes deferred tax and is adjusted for tax shield on interest.

Cost of equity is based on cost of risk free return equivalent to yield on long term government bonds @ 7.5% p.a. plus equity premium adjusted for company's beta variant. The equity premium is assumed @ 9% while the beta is considered at 0.5.

The company's EVA, which is a real measure of shareholders' value creation, has again become positive during the year. Operating profits during the year have improved with the increase in volumes. Capital employed in the business has gone down owing to better working capital management and liquidation of inventories.

## SEGMENT WISE PERFORMANCE

Your company has only one significant reportable segment of ball and roller bearings as the primary business segment. The assets and liabilities of the company are all expended towards this business segment.

## OPPORTUNITIES AND THREATS

### OPPORTUNITIES

- Road infrastructure development has been lagging in the Eleventh Five Year Plan with the achievement being only 2.5 km of new road every day. The Government has recently reaffirmed its commitment to enhance this to 20 km and with the Union Minister aggressively pushing this agenda it is expected to give impetus to people movement and to movement of goods by reducing per tonne-km transportation costs. With the consequential linkage to our industry, it should be a big demand booster.
- As part of its fiscal stimulus package the Government has already made clear its continuing focus on infrastructure – from power and oil & gas to roads, ports and airports. As per planning commission estimates, the Government has planned investments of USD 33 billion for the oil and gas sector, USD 40 billion for improving road and railway infrastructure, USD 18 billion for ports and USD 10 billion for airports, aggregating USD 100 billion. This infrastructure spending will lead to growth in the manufacturing sector.
- As per the study of the Engineering Export Promotion Council and E & Y, India's automotive exports should touch USD 35-42 billion by 2016. The auto industry will move out of Detroit and Germany as it was not possible for them to remain competitive at their present wage rates and skill sets. India will have to gear itself to changes including electric and hybrid cars, climate change, green consciousness and carbon emissions, as well as high fuel prices and regulatory changes across the world.
- Over the past few years your company has focused on implementing best-in-class production systems, technology development, slashing cost while upgrading quality and scaling up of its manufacturing facilities.



Your company has already established its credentials as a cost-effective, reliable supplier to marquee global OEMs in Europe and will continue to benefit from such business.

A vibrant domestic auto industry is vital for the growth of the Indian economy and the Government has already initiated various support measures. There is renewed confidence about a revival of demand. With a wide product range and enhanced manufacturing capacities already in place, the company is in a position to take advantage of this revival.

## **THREATS**

- Spurious/ counterfeit product supplies of inferior quality and which are unsafe and unreliable in use, continue to attract the price-conscious replacement market which accounts for 25- 30% of the total demand for the industry, in spite of industry-wide efforts to thwart the unscrupulous suppliers. In cooperation with competent agencies and BRBMA, the company is working actively to book the culprits.
- Loss of import tariff protection, as the government seems ready to cut duties from the prevailing rates of 60% on CKD units and 106% for completely built units. With lower tariffs in India, companies will prefer importing cars and components rather than investing in India. The reduction would benefit the Japanese and European auto makers. While Indian industry has a competitive advantage regarding wages, it needs to leap frog into the future by getting into hi-tech business and establishing areas of core competence
- In tandem with the growth witnessed by the auto sector in India, many OEMs set up procurement offices in China – to cut costs as well as put pressure on Indian suppliers to price their products reasonably. The standard catalog mass-market products which do not require customization have also impacted after markets. As the developed markets in US and Europe remain under recessionary pressures, bearing manufacturers in China and South- East Asian countries may use the Indian market as a dumping ground. As most of your company products are 'specials', modified to suit customer needs, it may not as adversely affect your company.
- Given the increased relative attractiveness of emerging markets such as India, global players are likely to further enhance their presence. The entry of new players will result in pressure on the profit margins of all participants. The company is working on countering this threat by a stronger focus on reducing costs and increasing efficiency of operations.
- Availability of finance is one of the most significant factors influencing demand for vehicles and tractors. Around 95% of commercial vehicles and tractors, 65%-75% of 2 wheelers and passenger cars are financed through loans. Bankers have to overcome their risk-aversion for the auto sector in terms of both cost of financing and availability.

To weather the tough times, coupled with a strategic operational focus, the company shall tap all emerging opportunities, leverage its wide range of products and its Engineering capabilities and prime its sourcing and purchasing capabilities. The company remains committed towards continuous process improvements through implementing TPM and other latest techniques in production, quality and process management.

## **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

Based on the nature of the business and size of operations the company has in place adequate systems of internal control and documented procedures covering all financial and operating functions. These controls have been designed to provide for

- Accurate recording of transactions with internal checks and prompt reporting
- Safeguarding assets from unauthorized use or losses
- Compliance with applicable statutes, and adherence to management instructions & policies
- Effective management of working capital
- Monitoring economy and efficiency of operations

Processes are also in place for formulating and reviewing annual and long term business plans and for preparation and monitoring of annual budgets for all operating plants and the service functions.

A reputed external audit firm carries out periodical audits at all plants and of all functions and bring out deviations from laid down procedures. The process also involves review of existing risks and controls including recommendations to strengthen business processes. The observations arising out of audit are reviewed, in the first instance by the respective HODs and plant/functional heads and compliance is ensured. Further corrective action plans are drawn up to build business processes which will eliminate repetition of deviations. Business risks are managed through cross functional involvement, facilitated by internal audit and the results of the assessment are presented to senior management.

The highlights of these reports are presented to the Audit Committee, who reviews the significant audit observations along with the actions initiated and reports to the Board periodically.

## **HUMAN RESOURCE AND INDUSTRIAL RELATIONS**

During the year, the company has entered into three year prospective wage settlements with its workmen at the Hyderabad, Thane and Waluj (Bush assembly) plants –wage rise and incentive payment has been linked to overall production volume increase + per man output in a shift. At Chikalthane, the union had challenged management action and had approached the Industrial Court for relief. After sustained negotiations, the matter has been amicably settled between the management and the union and the case has been withdrawn. Overall relations with the workmen at these plants have been cordial during the year and the company has benefited with higher productivity and outputs to meet the revival in customer demand.

At Waluj and Jalna plants the current settlements have expired. The IR teams have been discussing with the unions and impressing on them the need for their co- operation in improving productivity levels at all plants, without which the company would be unable to retain its competitive edge as a global supplier. The company expects to finalise production linked wage settlements shortly.

The primary focus of IR during the current year will continue to be on the engaging, motivating and improving the productivity of blue collar employees.

Integrated HR systems, from fresh talent acquisition to performance orientation and individual development, are being initiated to create and build a quality talent pipeline.

Performance orientation - being introduced through the Performance Evaluation. This will facilitate organization structure clarification, and establishment of a framework for individual development, career pathing, succession planning and reward management.

Individual development - special in-house customized leadership development programmes, targeted at mid – management levels have been conducted with this objective, the focus areas being learning the inter – disciplinary approach to organizational issues and learning to manage people

One of the core strengths of the company is the strong bonding employees have always had with the company. Changes both within and outside the company bring to the fore the changing aspirations of the employees. To preserve this core strength, employee engagement levels are being monitored and where necessary actions taken to reinforce people bonding with the company.

Permanent employees directly employed by the company currently total 1550 nos.

## **CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations.

Actual results may differ materially from those either expressed or implied.

## CORPORATE GOVERNANCE

Your company has been practicing the principles of good corporate governance over the years. Corporate Governance is about commitment to values and about ethical business conduct. Good Corporate Governance should provide sufficient transparency over corporate policies, strategies and the decision making process whilst strengthening internal control systems and building relationships with stakeholders, including employees and shareholders. The adherence to good governance practices helps align interests of stakeholders, enhance investor confidence, in turn facilitating the creation of superior value on a sustainable basis.

The company is in full compliance with the requirements of clause 49 of the Listing Agreement with the Indian Stock Exchanges.

### 1. Board of Directors

#### (i) Composition:

The Chairman of the Board of NRB is also its Managing Director. All directors including Non-executive Directors are professionally competent. At present, the Board consists of six members, of which three are Non-executive Directors.

The composition and category of Directors in the Board of the Company are:

Name of Director	DIN	Category	No.of Directorships as on 31.03.2010	No.of Membership in Committees (Chairmanship) as on 31.03.2010
Mr.T S Sahney	00003873	E & NID	-	-
Dr.P.D.Ojha	00003890	NE & ID	2	1
Dr.K S Pant	00003915	NE & ID	3	3 (2)
Mr.K M Elavia	00003940	NE & ID	9	7 (4)
Ms.H S Zaveri	00003948	E & NID	1	2
Mr.D S Sahney	00003956	E & NID	-	-

E & NID – Executive & Non Independent Directors

NE & ID – Non Executive & Independent Directors

The Board of Directors is constituted with appropriate combination of Independent, Non-Independent directors as per clause 49 of the Listing Agreement with the stock exchanges.

None of the Directors is a member of more than 10 Committees or a Chairman of more than 5 Committees (as stipulated in clause 49 of the Listing Agreement), across all Indian Companies in which he is a Director.

Other Directorships do not include Alternate Directorships, Directorships of Private Limited companies, Section 25 Companies and of Companies incorporated outside India.

Ms.H S Zaveri and Mr.D S Sahney are the daughter and son respectively of Mr.T S Sahney.

#### (ii) Board Meetings:

The Board of the Company, as also the various specialized committees constituted by the Board, held as many as 18 meetings including 5 meetings of the Board during 2009-10.

The maximum interval between any two meetings was 94 days. The Board held its meetings on 2nd June, 2009, 22nd July, 2009, 23rd October, 2009, 19th January, 2010 and 31st March, 2010.

(iii) **Attendance of Directors:**

The overall attendance of Directors was 90%.

**Attendance of Directors**  
**At the Board Meetings held during 2009-10 and the last Annual General Meeting**

Directors	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the last AGM (12th August, 2009)	Share-holding
1 Mr. T. S. Sahney	5	5	Yes	2990953
2 Dr. P. D. Ojha	5	5	Yes	Nil
3 Dr.(Ms) Kala S Pant	5	4	Yes	Nil
4 Ms. H. S. Zaveri	5	4	Yes	1943470
5 Mr. D. S. Sahney	5	4	Yes	1752300
6 Mr. K. M. Elavia	5	5	Yes	Nil

Overall attendance in the AGM : 100%

(iv) **Profile of Directors being appointed/reappointed:**

Brief Profile of Directors and nature of their expertise in functional areas	Directorships/Committee Memberships in other companies
<b>Mr.K M Elavia</b> , aged 64, has a bachelors degree in Commerce and is professionally qualified as a Chartered Accountant. Between 1974 and 2009, he has been a partner of Kalyaniwalla & Mistry, Chartered Accountants and has vast experience in corporate matters being a director on the board of various public limited companies.	<p>Directorships</p> <p>Grover Vineyards Ltd (Alternate Director)</p> <p>Goa Carbon Ltd</p> <p>Uni Abex Alloy Products Ltd</p> <p>Uni Deritend Ltd</p> <p>Uni Klinger Ltd</p> <p>Sulzer India Ltd</p> <p>Allcargo Global Logistics Ltd</p> <p>Insilco Ltd</p> <p>Great Offshore Ltd (Chairman)</p> <p>Peerless Trust Management Co.Ltd</p> <p><b>Committee Memberships</b></p> <p><b>Audit Committee</b></p> <p>Goa Carbon Ltd</p> <p>Uni Abex Alloy Products Ltd (Chairman)</p> <p>Sulzer India Ltd (Chairman)</p> <p>Allcargo Global Logistics Ltd (Chairman)</p> <p>Insilco Ltd</p> <p>Peerless Trust Management Co.Ltd.(Chairman)</p> <p><b>Shareholder/Investor Grievance Committee</b></p> <p>Sulzer India Ltd</p>

Brief Profile of Directors and nature of their expertise in functional areas	Directorships/Committee Memberships in other companies
<p><b>Ms.H S Zaveri</b> aged 50 yrs has graduated Magna cum Laude with Honours from Wellesley College, USA. She has 23 yrs. experience in the bearings industry. Joining as a Management trainee in 1987 she became Wholetime Director in 1994 heading marketing and sourcing and later corporate quality. The Board recognizing her vision and path breaking contributions designated her as President in 2001.</p> <p>In December 2005 she was awarded the best CEO by the Quality Circle Forum of India for her contribution to TPM and the Quality movement. In 2009 she received from Women Leaders in India (WIL) award as Leader in Manufacturing Sector.</p> <p>In addition to her organizational responsibilities she holds the following positions:</p> <ol style="list-style-type: none"> <li>1. Ball and Roller Bearing Manufacturers Association (BRBMA) – President</li> <li>2. Automotive Component Manufacturer’s Association of India (ACMA) Western Region– Deputy Chairman and National Executive Committee Member</li> <li>3. CII – Member of Western Regional Council</li> <li>4. Indo American Chamber of Commerce (IACC)- Member of Western India Council</li> <li>5. Wellesley College, USA, Business Leadership Council – Member of President’s International Committee</li> </ol>	<p><b>Directorships</b></p> <p>SNL Bearings Ltd</p> <p><b>Committee Memberships</b></p> <p><b>Audit Committee</b></p> <p>SNL Bearings Ltd</p> <p><b>Shareholder/Investor Grievance Committee</b></p> <p>SNL Bearings Ltd</p>
<p><b>Mr.Anand N Desai</b>, aged 49 yrs, has a Law degree from the Bombay University and completed his LLM in international Law from the University of Edinburgh, Scotland. He is the managing partner of DSK Legal, one of India’s leading law firms.</p> <p>He is currently holding the office of</p> <ol style="list-style-type: none"> <li>1. President of the Indo American Chamber of Commerce and</li> <li>2. Chairman of Transparency in Governance committee/Co-Chairman of Corporate Social Responsibility Committee at the IMC.</li> </ol>	<p>----</p>

**Mr. K M Elavia** and **Ms. H S Zaveri** retire by rotation and are eligible for reappointment. **Mr. Anand N Desai’s** term ends at the Annual General Meeting and resolution for his appointment is included in the Agenda.

**(v) Remuneration of directors:**

The details of the remuneration package of directors is tabled below:

<b>Name of Director</b>	<b>Sitting fees</b>	<b>Commission on profits</b>	<b>Salary and Perquisites</b>	<b>Total</b>
T S Sahney	-	4100000	8685113	12785113
H S Zaveri	-	1710000	7473255	9183255
D S Sahney	-	1200000	4982267	6182267
P D Ojha	55000	166666		
K S Pant	65000	166666		
K M Elavia	80000	166666		

\* Commission to Non-Executive directors @0.125%, with a ceiling of Rs.5 lacs p.a. as determined by the Board of Directors, will be apportioned and payable during 2010-11.

Period of Contract of Chairman & Managing Director : For a period of 5 years w.e.f.1.10.2005 to 30.9.2010  
The contract may be terminated by either party giving the other party six calendar months notice

Period of Contract of President : For a period of 5 years w.e.f.1.4.2009 to 31.3.2014  
The contract may be terminated by either party giving the other party three calendar months notice

Period of Contract of Director (Strategic Sourcing) : For a period of 5 years w.e.f.25.5.2006 to 31.3.2011  
The contract may be terminated by either party giving the other party three calendar months notice

No severance fees are payable to the above.

**2. Audit Committee**

The Committee consists of three Non-executive Directors and is headed by Dr.P D Ojha. The Members of the Committee have fair knowledge of project finance, accounts and company law. The committee held 6 meetings during the year, which were attended by its members.

The Audit Committee is responsible for overseeing of the company's financial reporting process, reviewing with management the quarterly/half yearly/annual financial statements before submission to the Board for approval. Reviewing with the management, performance of statutory and internal auditors, and the adequacy of internal control systems and the internal audit functions, recommending to the board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees, discussing with internal auditors any significant findings and follow up thereon and related party transactions, reviewing the Management Discussion and Analysis of financial condition and result of operations. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the company.

The Committee has discussed with the external auditors their audit methodology and significant observations as also major issues related to risk management and compliances.

In addition the Committee has discharged other role/function as envisaged under clause 49 of the Listing Agreement of the stock exchanges and the provisions of section 292(A) of the Companies Act, 1956.

**Attendance of Members  
at the Meetings of the Audit Committee held during 2009-10**

<b>Members</b>	<b>Meetings held</b>	<b>Meetings attended</b>
Dr.P D Ojha (Chairman)	6	6
Dr.(Ms) Kala S Pant	6	6
Mr.K M Elavia	6	6

Overall attendance: 100%

### 3. Shareholders/Investors' Grievances Committee of Directors

The Board of Directors of the Company has set up a Shareholders/Investors' Grievances Committee of Directors currently comprising Mr.T S Sahney, Managing Director, Ms.H S Zaveri, President and Dr.(Ms) K S Pant (Chairman of the Committee). Mr.K M Elavia who was the Chairman of the Committee resigned from the Committee w.e.f. 16th September, 2009.

The shareholders of the Company are serviced by the inhouse investor service department and the share transfer agent- M/s.Mondkar Computers Pvt.Ltd. The transfers received by the Company are processed and transferred on a monthly basis. All requests for dematerialisation of shares are likewise processed and confirmation thereof is normally communicated to the investors and depository participants within 15 days of receipt thereof. The Committee also monitors redressal of investors' grievances.

As required by the Stock Exchanges, the Company has appointed Mr.S C Rangani, Company Secretary, as the Compliance Officer to monitor the share transfer process and liaison with the regulatory authorities.

#### **Attendance of the Members at the Meetings of the Shareholders/Investors' Grievances Committee of Directors held during 2009-10**

Members	Meetings held during the tenure of the Director	Meetings attended
Mr.T S Sahney	8	7
Ms.H S Zaveri	8	6
Mr.K M Elavia (Chairman)	4	4
Ms.K S Pant (Chairman)	4	3

\* Overall attendance : 91%

### 4. General Body Meetings

The last 3 Annual General Meetings of the Company were held on the following dates and times:

44th Annual General Meeting on 12th August, 2009 at 11.00 am at M.C.Ghia Hall, K Dubash Marg, Mumbai 400 001

43rd Annual General Meeting on 5th August, 2008 at 11.00 am at M.C.Ghia Hall, K Dubash Marg, Mumbai 400 001

No special resolutions were passed at the meeting.

42nd Annual General Meeting on 3rd August, 2007 at 11.00 am at M.C.Ghia Hall, K Dubash Marg, Mumbai 400 001

No special resolutions were passed at the meeting.

#### **Special Resolutions passed at the meeting held on 12th August, 2009**

Waiver of the requirement of repayment of excess remuneration paid by the Company in case of Mr. T S Sahney, Managing Director

Waiver of the requirement of repayment of excess remuneration paid by the Company in case of Ms. H S Zaveri, President & Whole time Director

Approval of payment of remuneration to Mr. T S Sahney, Managing Director

Approval of payment of remuneration to Ms. H S Zaveri, President & Whole time Director

No postal ballot was conducted in the year 2009-10. As on date the company does not have any proposal to pass any special resolution by way of postal ballot.

### 5. Disclosures

Neither the Company nor any of its subsidiaries has entered into any transaction of material nature that may have a potential conflict with interests of the Company or of its subsidiaries, with any of the Directors or their relatives during the year 2009-10. Neither has any non-compliance with any of the legal provisions

of law been made by the Company nor any penalty or stricture imposed by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to the capital markets, during the last 3 years.

The company has decided that the implementation of a whistle blower policy could be subject to misuse. However employees are free to report to Management or the Audit Committee on any matter concerning unethical behaviour or violation of the Company's code of Conduct.

## **6. Means of Communication**

Information like Quarterly Financial Results and Press Releases on significant developments in the Company that has been made available from time to time to the Press is hosted on the Company's web site [www.nrbbearings.com](http://www.nrbbearings.com) and has also been submitted to stock Exchanges to enable them to put them on their web sites. The Quarterly Financial Results are published in English (Times of India and Economic Times) and vernacular newspapers (Maharashtra Times).

As per the amendment to Listing Agreement a separate e-mail ID of the grievance redressal division/ compliance office exclusively for the purpose of registering complaints by investors, the company has already displayed the e-mail ID on the website. The email ID is [investorcare@nrbbearings.co.in](mailto:investorcare@nrbbearings.co.in)

A Report on Management Discussion and Analysis of Accounts has been included elsewhere in this report.

## **7. General Shareholder Information**

The mandatory as also various additional information of interest to investors is voluntarily furnished in the following section on Investor information in this Report.

## **8. Auditor's Certificate on Corporate Governance**

The Auditor's Certificate on Compliance of Clause 49 of the Listing Agreement relating to Corporate Governance is published as an annexure to the Directors' Report.

## **9. Non mandatory recommendations**

### **a. Chairman of the Board – Re:Non-executive Chairman**

The Company has Executive Chairman, therefore, clause (a) of non-mandatory requirements is not applicable.

### **b. Independent Directors' tenure not exceeding 9 years**

Dr. P D Ojha and Dr. (Ms) K S Pant have both completed an aggregate tenure exceeding 9 years. However it is felt that their continuation on the Board is valuable for the company considering their wealth of experience and exposure.

### **c. Remuneration Committee**

The Company has decided not to proceed with formation of Remuneration Committee at this stage.

### **d. Half yearly results to shareholders**

The Company forwards half yearly results to all its shareholders.

### **e. Audit Qualifications**

The Auditor's Report for the year ended 31st March'2010 draws attention to note 11(a) of Schedule 20 that inadequate profits during the previous year have resulted in excess remuneration of Rs.44.26 lacs having been paid to the Managing Director and one Wholetime Director considering the provisions of Sections 198 and 269, read with Schedule XIII of the Companies Act,1956. The excess remuneration of Rs.44.26 lacs is pending approval of the Central Government.



**Auditors' certificate to the members of NRB Bearings Limited on compliance of the conditions of corporate governance for the year ended 31st March, 2010, under clause 49 of the listing agreements with relevant stock exchanges.**

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We have examined the compliance of the conditions of corporate governance by NRB Bearings Limited, for the year ended on 31st March, 2010, as stipulated in clause 49 of the listing agreements of the said company with relevant stock exchanges (hereinafter referred to as clause 49).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, except that the delegated authority has attended to share transfer formalities once a month instead of at least once in a fortnight, we certify that the company has complied with the conditions of corporate governance as stipulated in clause 49.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **A. F. FERGUSON & CO.**  
Chartered Accountants  
(Registration No. 112066W)

**A. C. Khanna**  
Partner

Membership No.17814

Mumbai : May 24, 2010

## SHAREHOLDERS' INFORMATION

### 1. Annual General Meeting

Date and Time : 4th August, 2010 at 11.00 a.m.  
Venue : M C Ghia Hall, K Dubash Marg,  
Near Kalaghoda, Fort, Mumbai 400 001

### 2. Financial Calendar

Financial reporting for the quarter ending June 30, 2010 : Last week July, 2010  
Financial reporting for the quarter ending September 30, 2010 : Last week October, 2010  
Financial reporting for the quarter ending December 31, 2010 : Last week January, 2011  
Financial reporting for the year ending March 31, 2011 : End May, 2011  
Annual General Meeting for the year ending March 31, 2011 : August, 2011

### 3. Book Closure Date

: 27th July 2010 to 4th August, 2010  
(both days inclusive)

### 4. Dividend Payment Date

: 16th August, 2010

### 5. Registered Office and Plants

: Dhannur, 15 Sir P. M. Road,  
Fort, Mumbai 400 001  
(Tel) 22664160/4998  
(Fax) 22660412  
Web Site: www.nrbbearings.com  
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) & (II) M.I.D.C., Waluj  
Aurangabad 431 133  
A-5, Uppal Industrial Estate  
Hyderabad 500 039  
Plot No.33, Sector -II, SIDCUL IIE  
Pantnagar, Udham Singh Nagar,  
Uttarakhand 263 153

### 6. Unclaimed Dividends

Pursuant to Section 205C of the Companies Act, 1956, unclaimed dividends remaining unclaimed for seven years from the date of declaration are required to be transferred by the company to the Investor Education & Protection Fund established by the Central Government, and the various dates for transfer of such amounts are as under.

Financial Year	Date of Declaration at AGM/BM	Date of the warrant	Due for transfer
2002-03	13th August, 2003	20th August, 2003	20th August, 2010
2003-04	13th August, 2004	18th August, 2004	18th August, 2011
2004-05	11th August, 2005	16th August, 2005	16th August, 2012
2005-06 - Interim - Final	30th January, 2006 21st June, 2006	15th February, 2006 18th August, 2006	15th February, 2013 18th August, 2013
2006-07 - Interim - Final	27th October, 2006 3rd August, 2007	10th November, 2006 14th August, 2007	10th November, 2013 14th August, 2014
2007-08	5th August, 2008	14th August, 2008	14th August, 2015
2008-09	12th August, 2009	20th August, 2009	20th August, 2016

Members who have so far not encashed their dividend warrants or have not received the dividend warrants are requested to seek issue of duplicate warrants.

## 7. Unclaimed Dividend Amounts

The following dividend amounts continue to remain unclaimed as at 31st March, 2010.

Financial year	No. of warrants issued	No. of warrants unclaimed	%	Amount of dividend Rs.in lacs	Unclaimed dividend amount Rs.	%
2002-03	3781	184	4.87	581.53	135660	0.23
2003-04	2911	146	5.02	726.92	157590	0.22
2004-05	3088	131	4.24	969.23	165730	0.17
2005-06 - Interim	3356	196	5.84	726.92	168413	0.23
- Final	3214	148	4.60	484.61	85510	0.18
2006-07 - Interim	3286	145	4.41	775.38	125704	0.16
- Final	4683	219	4.68	630.00	139220	0.22
2007-08	6244	282	4.52	1163.07	210298	0.19
2008-09	2694	356	13.21	775.38	184139	0.24
Total	33257	1807	5.43	6833.04	1372264	0.20

## 8. Bank Details

In order to provide protection against fraudulent encashment of dividend warrants, members are requested to provide, if not provided earlier, their bank account nos., bank account type, names & addresses of bank branches, quoting folio no. to the registrar of the company/secretarial department to enable us to incorporate the same on your dividend warrants

## 9. Bank Details for Demat Shareholding

While opening accounts with depository participants (DPs), shareholders are required to give their details of their bank accounts which will be used by the company for printing on dividend warrants for remittance of dividend. However members who wish to receive dividend in an account other than the one specified while opening the depository account may notify their DP about any change in bank account details.

## 10. Nomination Facility

Shareholders of physical shares can nominate a person for the shares held by them. Requisite nomination forms have already been circulated by the company to the shareholders who are advised to avail of this facility.

## 11. Distribution of Shareholding as on 31st March :

No. of Equity Shares	2010				2009			
	No. of share holders	% of share holders	No. of shares held	% share holding	No. of share holders	% of share holders	No. of shares held	% share holding
Upto 500	5191	83.256	1021786	2.109	5108	84.346	1021783	2.108
501-1000	539	8.645	478896	0.988	491	8.108	435435	0.898
1001-2000	253	4.058	388616	0.802	223	3.682	339992	0.702
2001-3000	82	1.315	212923	0.439	80	1.321	205688	0.424
3001-4000	26	0.417	95134	0.196	29	0.479	105685	0.218
4001-5000	32	0.513	154263	0.318	35	0.578	167313	0.345
5001-10000	47	0.754	352376	0.727	29	0.479	215931	0.446
10001 & above	65	1.043	45757306	94.421	61	1.007	45969473	94.858
TOTAL	6235	100.00	48461300	100.00	6056	100.00	48461300	100.00

As on 31st March, 2010 41442260 constituting 85.52% of the share capital has been dematerialized.

**The company has entered into agreements with NSDL and CSDL during the year 2000-01 and has been allotted ISIN No.INE 349A 01013. SEBI has notified the company shares to be traded only in demat form w.e.f.29th April, 2001.**

**The company's equity shares of Rs.10/- each have been split into Rs.2/- each effective 4th April, 2007 and the new ISIN No. is INE 349A01021.**

## 12. Categories of Shareholdings as on 31st March :

	2010				2009			
Category	No.of share holders	% of share holders	No. of shares held	% share holding	No.of share holders	% of share holders	No.of shares held	% share holding
Individuals *	5907	94.74	19771301	40.80	5764	95.18	19871666	41.00
Corporate * Bodies	232	3.72	22264228	45.94	195	3.22	22018909	45.44
Foreign Collaborator	—	—	—	—	—	—	—	—
NRI/OCBs	83	1.33	76839	0.16	84	1.39	84029	0.17
FI/FII/Banks	7	0.11	3820500	7.88	7	0.12	3820500	7.88
Mutual Funds/ UTI	6	0.10	2528432	5.22	6	0.10	2666196	5.50
TOTAL	6235	100.00	48461300	100.00	6056	100.00	48461300	100.00

\* Promoter holdings constituting 3572155 shares (73.753%) of the equity capital are included in the above.

## 13. Share Transfer System

The Investor Grievances/Share Transfer Committee comprising of three directors is authorized to approve transfer of shares and the said Committee approve transfer of shares on a monthly basis.

**Share transfers in physical form are presently registered and returned within a period of 60 days from the date of receipt in case documents are complete in all respects.**

## 14. Investor Queries/Complaints Handled

Nature of queries/complaints	2009-10 Nos.	2008-09 Nos.
<b>Relating to transfers, Transmissions etc.</b> (including duplicate share certificates, stop transfer, non-receipt of share certificates, deletion of name, rectification of share certificate, indemnity bond for duplicate certificate, signature verification)	5	4
<b>Relating to dividends</b> (including issue of fresh Demand drafts against unpaid warrants, non-receipt of dividend warrants and bank details)	37	14
<b>Relating to change of address</b>	3	2
<b>Others</b>	-	-
<b>Total</b>	45	20

- Legal proceedings on share transfer, if any : There are no major legal proceedings relating to transfer of shares.
- There are no shareholder complaints or transfers pending resolution.

## 15. Equity History

Details of equity shares issued since inception.

Date	Particulars of issue	No.of shares	Total no.of shares after issue	Equity capital in Rs.
01.06.1965	Issue for cash at par	10	10	1000
27.01.1966	Issue for cash at par	6270	6280	628000
27.01.1966	Allotment to Nadella without payment in cash	910	7190	719000
16.10.1968	Issue for cash at par	2810	10000	1000000
31.07.1973	Bonus issue 1:1	10000	20000	2000000
24.09.1976	Bonus issue 1:1	20000	40000	4000000
14.02.1979	Bonus issue 3:4	30000	70000	7000000
22.04.1982	Bonus issue 1:1	70000	140000	14000000
03.01.1989	Bonus issue 1:2	70000	210000	21000000
02.11.1990	Bonus issue 1:2	105000	315000	31500000
14.12.1991	Issue on merger of SSPW (Sahney Steel Press Works)	760	315760	31576000
04.11.1993	Bonus issue 5:3	526266	842026	84202600
03.05.1995	Public issue	1272000	9692260*	96922600
04.04.2007	Sub-division 1:5**	48461300	48461300**	96922600

\*Equity shares sub divided into face value of Rs.10/- on 10.12.1994.

\*\*Equity shares sub divided into face value of Rs.2/- on 4.4.2007

## 16. Listing on Stock Exchange at

: Equity shares

Bombay Stock Exchange Ltd., Mumbai  
P. J. Towers, Dalal Street, Mumbai 400 023

National Stock Exchange of India Ltd  
Exchange Plaza, 5th Floor, Plot No.C/1, G Block,  
Bandra Kurla Complex, Bandra (E), Mumbai 400 051

Note : Listing fees for the year 2009-10 have been paid to the Stock Exchange- Mumbai and National Stock Exchange.

## 17. Stock Codes

Bombay Stock Exchange

530367

National Stock Exchange

NRBBEARING

ISIN No. for equity share of Rs.2/-each

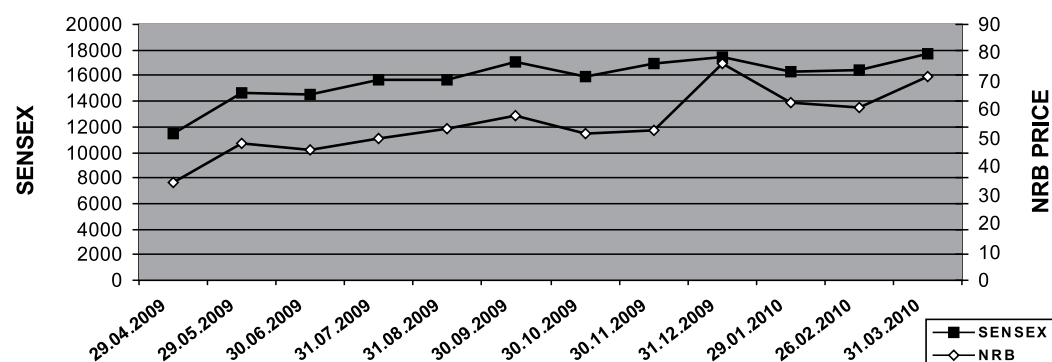
INE 349A 01021

# 18. Stock Market Data

Bombay Stock Exchange Ltd, Mumbai and National Stock Exchange, Mumbai  
 Monthly high and low quotations and volume of shares traded

2009-10	Bombay Stock Exchange Ltd			National Stock Exchange		
Month	High (Rs)	Low(Rs)	Volume	High (Rs)	Low(Rs)	Volume
April'09	41.90	32.45	21750	42.50	30.00	33790
May'09	50.90	33.75	40746	50.45	34.05	64819
June'09	59.05	45.10	78914	61.10	44.15	140584
July'09	52.95	41.00	65228	53.00	40.60	69231
August'09	58.00	44.00	274630	57.45	43.25	418055
September'09	64.70	52.25	696934	64.60	53.25	967351
October'09	65.70	50.50	610575	65.70	50.10	849822
November'09	55.50	47.25	147640	55.50	47.20	213656
December'09	77.05	52.50	1392578	76.50	51.55	1823947
January'10	79.90	58.55	525628	80.00	60.10	516876
February'10	65.90	58.75	71576	65.85	57.50	54082
March'10	72.40	59.95	251652	75.50	59.80	630028
Total			4177851			5782241

# 19. Performance (Indexed):



	29.04.09	29.05.09	30.06.09	31.07.09	31.08.09	30.09.09	30.10.09	30.11.09	31.12.09	29.01.10	26.02.10	31.03.10
NRB	34.55	48.05	46.10	49.85	53.50	58.15	51.50	52.80	76.25	62.45	60.95	71.45
SENSEX	11403.25	14625.25	14493.84	15670.31	15666.64	17126.84	15896.28	16926.22	17464.81	16357.96	16429.55	17644.76

# 20. Registrars and Transfer Agents

(Share transfer and communication regarding  
 share certificates, dividends and change of address)

: M/s. Mondkar Computers Pvt. Ltd.  
 21, Shakil Niwas,  
 Mahakali Caves Road,  
 Andheri (East), Mumbai 400 093  
 (Registered with SEBI as Share  
 Transfer Agent-Category I)

# 21. Investor correspondence :

**The Company Secretary,**  
**NRB Bearings Limited**  
**Dhannur, 15 Sir P. M. Road**  
**Fort, Mumbai 400 001**

**Tel:022-22664160/4998**  
**Fax:022-22660412**  
**E-mail:sc.rangani@nrbbearings.co.in**

As per SEBI circular No.MRD/DoP/Dep/SE/Cir-22/06 dated December 18,2006 has advised all listed companies to designate an email ID of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints by investors. The following is the email ID designated for the same.

***investorcare@nrbbearings.co.in***

**As per SEBI circular dt. May 20, 2009, it shall be mandatory for transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of transfer of shares in physical form of listed companies. Shareholders are advised to note and comply.**

**22. Details on use of public funds obtained in the last three years :**

*No funds have been raised from public in the last three years.*

**23. Outstanding GDR/Warrants and convertible bonds, conversion date and likely impact on Equity :**

*The company has no outstanding GDR/Warrants and/or convertible bonds.*

**24. Financial ratios**

	2009-10	2008-09	2007-08	2006-07
Net earnings (Rs.lacs)	2440.89	426.32	3351.25	3976.24
Cash earnings (Rs.lacs)	4395.39	2365.79	5148.09	5558.86
EPS (Rs)	5.04	0.88	6.92	8.20
CEPS (Rs.)	9.07	4.88	10.62	11.38
Dividend per share (Rs.)	2.00	1.60	2.40	2.90
Dividend payout (%)	46.30	212.78	40.60	40.77
Book value per share (Rs.)	38.71	37.88	37.27	33.16
Price to earnings *	14.18	37.44	11.42	12.18
Price to cash earnings *	7.88	6.75	7.44	8.68
Price to book value *	1.85	0.86	2.12	2.86

\* Stock price as on 31st March,2010 –Rs. 71.45 (closing price)

\*\* EPS/CEPS/dividend per share/book value have been adjusted to face value Rs.2/- per share

**AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**

1. We have audited the attached Balance Sheet of **NRB BEARINGS LIMITED** ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) *Attention is invited to footnote under note 11 (a) of Schedule 20 regarding managerial remuneration of Rs. 44.26 lacs paid during the year 2008-09, in excess of specified limits, pending approval of the Central Government;*
  - (f) *Subject to the matter referred in paragraph 4(e) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **A. F. FERGUSON & CO.**  
Chartered Accountants  
(Registration No. 112066W)

**A. C. KHANNA**  
Partner  
Membership No.17814

Mumbai : May 24, 2010



**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 (referred to in paragraph 3 of our report of even date)**

(i) Having regard to the nature of the Company's business/activities/result, clauses (iii)(e) to (g), (vi), (x), (xii), (xiii), (xiv), (xvii) and (xx) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals.

*The Company is in the process of reconciling the same with the fixed asset register and we are informed by the Management that based on the reconciliations being performed, discrepancies, if any, are not likely to be material.*

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

(a) The Company has granted loans aggregating Rs.150 lacs to a party, SNL Bearings Limited (a subsidiary), during the year. At the year-end, the outstanding balance of such loan was Rs.300.00 lacs and the maximum amount involved during the year was Rs.450.00 lacs.

(b) The rate of interest and other terms and conditions of such loan is, in our opinion, prima facie not prejudicial to the interest of the Company.

(c) The receipt of principal amount and interest have been regular/as per stipulations.

(d) The balance principal amount of the loan is being renewed; there is no overdue amount of more than Rs. 1 lac.

(v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED  
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010  
(referred to in paragraph 3 of our report of even date) (contd.)**

- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of Rs. 5 lacs in respect of any party, the transactions entered in the register are of a special nature for which there are no alternative sources or any similar transactions with other parties. In the absence of such transactions being produced to us, we are unable to comment on the same.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth-tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth-tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010, for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth-tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of any dispute are given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in lacs)
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2006-2007	32.62
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2007-2008	232.46
The Bombay Sales Tax Act, 1959	Sales Tax	Deputy Commissioner (Appeals)	F.Y. 1996-1997 and 1998-1999	21.83
The Bombay Sales Tax Act, 1959	Sales Tax	Joint Commissioner (Appeals)	F.Y. 2003-2004 and 2004-2005	65.84
The Central Sales Tax Act, 1956	Sales Tax	Deputy Commissioner (Appeals)	F.Y. 1996-1997 and 1998-1999	24.18
The Central Sales Tax Act, 1956	Sales Tax	Joint Commissioner (Appeals)	F.Y. 2003-2004 and 2004-2005	6.23
The Customs Act, 1962	Custom Duty, Penalty and Fine	Supreme Court	F.Y. 1993-1994	138.87

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**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED  
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009  
(referred to in paragraph 3 of our report of even date) (contd.)**

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- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders.
- (xi) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that no funds raised on short-term basis have been used during the year for long-term investment.
- (xiv) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 200 debentures of Rs 10 lacs each. The Company has created security in respect of the debentures issued.
- (xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **A. F. FERGUSON & CO.**  
Chartered Accountants  
(Registration No. 112066W)

**A. C. KHANNA**  
Partner  
Membership No.17814

Mumbai : May 24, 2010

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule No.	Rs.lacs	As at 31.03.2010 Rs.lacs	Rs.lacs	As at 31.03.2009 Rs.lacs
<b>I. SOURCES OF FUNDS:</b>					
1) Shareholders' funds:					
a) Share capital	1	<b>969.23</b>		969.23	
b) Reserves and surplus	2	<b>17791.79</b>		16481.10	
			<b>18761.02</b>		17450.33
2) Loan funds:					
a) Secured loans	3	<b>3462.06</b>		7368.76	
b) Unsecured loans	4	<b>4633.10</b>		5613.83	
			<b>8095.16</b>		12982.59
3) Deferred tax liability (net) (see Note 12 on Schedule 20)			<b>1279.90</b>		1255.83
Total			<b>28136.08</b>		31688.75
<b>II. APPLICATION OF FUNDS:</b>					
1) Fixed assets:	5				
a) Gross block		<b>35244.05</b>		34057.17	
b) Less: depreciation		<b>19998.76</b>		18063.64	
c) Net block		<b>15245.29</b>		15993.53	
d) Capital work in progress and capital advances		<b>134.03</b>		158.02	
			<b>15379.32</b>		16151.55
2) Investments	6		<b>1792.70</b>		1792.70
3) Current assets, loans and advances:					
a) Inventories	7	<b>8055.61</b>		8946.85	
b) Sundry debtors	8	<b>7456.51</b>		7216.28	
c) Cash and bank balances	9	<b>468.67</b>		418.06	
d) Loans and advances	10	<b>2256.73</b>		1809.59	
		<b>18237.52</b>		18390.78	
Less : Current liabilities and provisions:					
a) Current liabilities	11	<b>5622.65</b>		3425.63	
b) Provisions	12	<b>1650.81</b>		1220.65	
		<b>7273.46</b>		4646.28	
Net current assets			<b>10964.06</b>		13744.50
Total			<b>28136.08</b>		31688.75
Significant accounting policies	19				
Notes to the accounts	20				

In terms of our report attached

For and on behalf of the Board of Directors

**For A. F. FERGUSON & CO.**  
Chartered Accountants

**T. S. Sahney**  
Managing Director

**K. M. Elavia      K. S. Pant**
**Jyotsna. S**  
Chief Financial Officer

**H. S. Zaveri      A. N. Desai**
**A. C. KHANNA**  
Partner

**S. C. Rangani**  
Sr. V P & Company Secretary

**D. S. Sahney**  
Directors

Mumbai: May 24, 2010

Mumbai : May 24, 2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule No.	Rs.lacs	Year ended 31.03.2010 Rs.lacs	Rs.lacs	Year ended 31.03.2009 Rs.lacs
<b>INCOME</b>					
Sales (Gross)		<b>37349.57</b>		32196.36	
Less: Excise duty		<b>2689.05</b>		3354.10	
			<b>34660.52</b>		28842.26
Other income	13		<b>871.66</b>		534.57
			<b>35532.18</b>		29376.83
Increase/(Decrease) in stock of work-in-progress and finished goods	14		<b>(1092.38)</b>		1108.71
			<b>34439.80</b>		30485.54
<b>EXPENDITURE</b>					
Raw materials, components and packing materials consumed			<b>11857.66</b>		10858.21
Stores and spares consumed			<b>3572.76</b>		3331.92
Processing charges			<b>1706.52</b>		1662.45
Power and fuel			<b>1502.79</b>		1387.31
Employee costs	15		<b>6206.16</b>		5495.18
Repairs	16		<b>286.54</b>		481.83
Other expenses	17		<b>2871.04</b>		3535.75
Depreciation	5		<b>1954.50</b>		1939.47
Interest (net)	18		<b>766.87</b>		877.36
			<b>30724.84</b>		29569.48
			<b>3714.96</b>		916.06
<b>PROFIT BEFORE TAX</b>					
Provision for taxation					
- Current tax		<b>1250.00</b>		300.00	
- In respect of earlier years		-		(19.93)	
- Deferred tax		<b>24.07</b>		129.67	
			<b>1274.07</b>		409.74
- Fringe benefit tax			-		80.00
			<b>1274.07</b>		489.74
<b>PROFIT AFTER TAX</b>					
Add: Balance brought forward			<b>2440.89</b>		426.32
			<b>2040.47</b>		2571.31
<b>AVAILABLE FOR APPROPRIATIONS</b>					
			<b>4481.36</b>		2997.63
<b>LESS: APPROPRIATIONS:</b>					
Proposed final dividend			<b>969.23</b>		775.38
Additional income-tax on distributed profits			<b>160.97</b>		131.78
Transfer to general reserve			<b>244.09</b>		50.00
Transfer to debenture redemption reserve			<b>333.33</b>		-
			<b>1707.62</b>		957.16
<b>BALANCE CARRIED TO BALANCE SHEET</b>					
			<b>2773.74</b>		2040.47
Significant accounting policies	19				
Notes to the accounts	20				
Basic, as well as diluted, earnings per equity share (Nominal value per equity share: Rs.2) [see Note 10 on Schedule 20] : In Rs.			<b>5.04</b>		0.88

In terms of our report attached

For and on behalf of the Board of Directors

**For A. F. FERGUSON & CO.**  
Chartered Accountants

**T. S. Sahney**  
Managing Director

**K. M. Elavia      K. S. Pant**
**Jyotsna. S**  
Chief Financial Officer

**H. S. Zaveri      A. N. Desai**
**A. C. KHANNA**  
Partner

**S. C. Rangani**  
Sr. V P & Company Secretary

**D. S. Sahney**  
Directors

Mumbai: May 24, 2010

Mumbai : May 24, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Rs.lacs	Year ended 31.03.2010 Rs.lacs	Rs.lacs	Year ended 31.03.2009 Rs.lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
NET PROFIT BEFORE TAX		<b>3714.96</b>		916.06
Adjustments for:				
Depreciation	<b>1954.50</b>		1939.47	
Foreign exchange loss/(gain) - unrealised	<b>(59.22)</b>		400.63	
Interest (income)/expenditure (net)	<b>766.87</b>		877.36	
Dividend income	<b>(9.11)</b>		(1.24)	
Profit on sale of fixed assets (net)	<b>(198.52)</b>		-	
Provision for doubtful debts	<b>101.13</b>		110.70	
Provision for compensated absences	<b>63.28</b>		30.09	
		<b>2618.93</b>		3357.01
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		<b>6333.89</b>		4273.07
Changes in:				
- Trade and other receivables	<b>(759.98)</b>		2057.78	
- Inventories	<b>891.24</b>		(661.06)	
- Trade payables	<b>2260.44</b>		(2328.32)	
		<b>2391.70</b>		(931.60)
NET CASH GENERATED FROM OPERATIONS		<b>8725.59</b>		3341.47
Direct taxes paid (net of refund)		<b>(1178.74)</b>		(724.94)
NET CASH FROM OPERATING ACTIVITIES		<b>7546.85</b>		2616.53
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of fixed assets (including adjustments on account of capital advances)		<b>(1350.96)</b>		(1463.43)
Sale of fixed assets		<b>214.20</b>		-
Purchase of investments		-		(11.25)
Dividend income		<b>9.11</b>		1.24
Interest income		<b>49.05</b>		58.91
NET CASH USED IN INVESTING ACTIVITIES		<b>(1078.60)</b>		(1414.53)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

	Rs.lacs	Year ended 31.03.2010 Rs.lacs	Rs.lacs	Year ended 31.03.2009 Rs.lacs
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from borrowings		<b>14723.24</b>		6104.42
Repayment of borrowings		<b>(15153.85)</b>		(9423.76)
Increase/(Decrease) in cash credit		<b>(4303.81)</b>		4254.56
Interest paid		<b>(776.48)</b>		(956.03)
Dividend paid		<b>(774.96)</b>		(1161.78)
Additional income - tax on distributed profits		<b>(131.78)</b>		(197.66)
NET CASH USED IN FINANCING ACTIVITIES		<b>(6417.64)</b>		(1380.25)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		<b>50.61</b>		(178.25)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR				
the components being:				
Cash on hand	<b>5.55</b>		8.20	
Cheques on hand	<b>287.46</b>		275.04	
Balances with banks on current accounts	<b>125.05</b>		313.07	
		<b>418.06</b>		596.31
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR				
the components being:				
Cash on hand	<b>5.06</b>		5.55	
Cheques on hand	<b>133.28</b>		287.46	
Balances with banks on current accounts	<b>330.33</b>		125.05	
		<b>468.67</b>		418.06
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE		<b>50.61</b>		(178.25)

Notes:

- Figures in brackets represent deductions/outflows.
- Previous year's figures have been regrouped wherever necessary.

In terms of our report attached

For and on behalf of the Board of Directors

**For A. F. FERGUSON & CO.**  
Chartered Accountants

**T. S. Sahney**  
Managing Director

**K. M. Elavia      K. S. Pant**

**Jyotsna. S**  
Chief Financial Officer

**H. S. Zaveri      A Desai**

**A. C. KHANNA**  
Partner

**S. C. Rangani**  
Sr. V P & Company Secretary

**D. S. Sahney**  
Directors

Mumbai : May 24, 2010

Mumbai : May 24, 2010

**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010**

	Rs.lacs	As at 31.03.2010 Rs.lacs	Rs.lacs	As at 31.03.2009 Rs.lacs
<b>Schedule 1 - Share capital</b>				
Authorised:				
5,00,00,000 Equity shares of Rs.2 each		<b>1000.00</b>		1000.00
Issued and subscribed:				
48,461,300 Equity shares of Rs.2 each fully paid-up		<b>969.23</b>		969.23
Of the above:				
i) 45,500 Equity shares of Rs.2 each have been allotted as fully paid-up pursuant to contracts without payments having been received in cash.				
ii) 41,563,300 Equity shares of Rs.2 each have been allotted as fully paid-up by way of bonus shares by capitalisation of general reserve and capital reserve.				
iii) 38,000 Equity shares of Rs.2 each are allotted to the members of erstwhile Sahney Steel and Press Works Limited on its amalgamation with the company on April 01, 1991.				
Per balance sheet		<b>969.23</b>		969.23
<b>Schedule 2 - Reserves and surplus</b>				
Capital reserve:				
Per last balance sheet		<b>25.00</b>		25.00
Share premium:				
Per last balance sheet		<b>1214.94</b>		1214.94
Debenture Redemption reserve :				
Transferred from profit and loss account		<b>333.33</b>		-
General reserve:				
Per last balance sheet	<b>13200.69</b>		13281.69	
Less: Exchange differences adjusted to cost of fixed assets [net of deferred tax Rs. Nil (as at 31.03.2009 Rs. 67.21 lacs) (see note 3 (b) of Schedule 20)]	-		130.66	
	<b>13200.69</b>		13150.69	
Add: Transferred from profit and loss account	<b>244.09</b>		50.00	
		<b>13444.78</b>		13200.69
Surplus being balance in profit and loss account		<b>2773.74</b>		2040.47
Per balance sheet		<b>17791.79</b>		16481.10



**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

	<b>As at 31.03.2010 Rs.lacs</b>	<b>As at 31.03.2009 Rs.lacs</b>
<b>Schedule 3 - Secured loans</b>		
a) From banks:		
i) Cash credit	<b>15.39</b>	4319.20
ii) Term loans in foreign currency [repayable within one year Rs. 444.29 lacs (as at 31.03.2009 Rs. 1466.88 lacs)]	<b>1443.93</b>	3043.18
iii) Term loan [repayable within one year Rs. 2.74 lacs (as at 31.03.2009 Rs. 3.64 lacs)]	<b>2.74</b>	6.38
b) Non-convertible debentures	<b>2000.00</b>	-
Per balance sheet	<b>3462.06</b>	7368.76

**Notes :**

- Cash credit taken from banks (a)(i) are secured by hypothecation of all current assets.
- Term loans in foreign currency (a)(ii) are secured by hypothecation of/charge on the company's fixed assets acquired from proceeds of the loan.
- Term loan (a)(iii) is secured by hypothecation of/charge on company's vehicles specifically purchased under the loan.
- 200,11.50% Privately placed non-convertible debentures of Rs. 1,000,000 (b), redeemable at par, 31st May, 2014, are secured by first pari passu charge on specified plant and machinery of the company.

**Schedule 4 - Unsecured loans**

a. Short term loans from a bank	<b>500.00</b>	1500.00
b. Short term loans from banks in foreign currency	-	2658.40
c. Other loans and advances Interest free Sales tax loan [repayable within one year Rs. 40.46 lacs (as at 31.03.2009 Rs. 45.57 lacs)]	<b>1633.10</b>	1455.43
d. Commercial papers (repayable within a year)	<b>2500.00</b>	-
Per balance sheet	<b>4633.10</b>	5613.83

**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**
**Schedule 5 - Fixed assets**

Description	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	Opening Balance As at 01.04.09	Additions	Deductions	Closing Balance As at 31.03.10	Opening Balance As at 01.04.09	For the year	On Deductions	Closing Balance As at 31.03.10	As at 31.03.10	As at 31.03.09
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
<b>A. Tangible Assets</b>										
Freehold land	60.00	-	-	60.00	-	-	-	-	60.00	60.00
Leasehold land	178.05	-	0.63	177.42	7.99	1.96	0.13	9.82	167.60	170.06
Buildings and flats	3418.09	-	6.27	3411.82	934.16	104.69	2.21	1036.64	2375.18	2483.93
Plant and machinery	27599.09	1032.71	-	28631.80	15489.37	1670.92	-	17160.29	11471.51	12109.72
Furniture, fixtures and equipment	1373.48	54.43	-	1427.91	888.03	72.06	-	960.09	467.82	485.45
Electrical installations	810.02	17.37	-	827.39	401.74	34.33	-	436.07	391.32	408.28
Vehicles	425.62	82.32	28.16	479.78	196.35	36.25	17.04	215.56	264.22	229.27
Sub Total (A)	33864.35	1186.83	35.06	35016.12	17917.64	1920.21	19.38	19818.47	15197.65	15946.71
<b>B. Intangible Assets</b>										
Computer software	192.82	35.11	-	227.93	146.00	34.29	-	180.29	47.64	46.82
Sub Total (B)	192.82	35.11	-	227.93	146.00	34.29	-	180.29	47.64	46.82
Total (A) + (B)	34057.17	1221.94	35.06	35244.05	18063.64	1954.50	19.38	19998.76	15245.29	-
Previous year	31732.06	2325.11	-	34057.17	16124.17	1939.47	-	18063.64	-	15993.53
Capital work-in-progress									48.67	120.10
Advances for capital expenditure									85.36	37.92
									134.03	158.02
Per balance sheet									15379.32	16151.55

**Note:**

Buildings and flats include :

- Shares in respect of residential premises of a cost of Rs.2.25 lacs in a co-operative society which is in the process of being transferred in the name of the company.
- Cost of shares of an aggregate face value of Rs.1000 in co-operative housing societies viz. 5 shares of Rs.50 each in Vile Parle Vatika Co-operative Housing Society Limited, 5 shares of Rs.50 each in Edenwoods Cypress House Co-operative Housing Society Limited, 5 shares of Rs.50 each in The Ganesh Villa Co-operative Housing Society Limited and 5 shares of Rs.50 each in Vinayak Bhavan Co-operative Housing Society Limited.

**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

	Rs. lacs	As at 31.03.2010 Rs. lacs	Rs. lacs	As at 31.03.2009 Rs. lacs
<b>Schedule 6 - Investments</b>				
Long term (at cost)				
A. Non-trade (unquoted)				
1. Shares:				
21st Century Battery Limited.				
10,000 Equity shares of Rs. 10 each fully paid-up	<b>1.00</b>		1.00	
2. In a mutual fund:				
DSP Black Rock Equity Fund				
50,000 units of Rs. 10 each fully paid-up	<b>5.00</b>		5.00	
		<b>6.00</b>		6.00
B. Trade				
1. In subsidiary companies				
Quoted				
Shares:				
SNL Bearings Limited				
24,84,176 Equity shares of Rs. 10 each fully paid-up	<b>174.72</b>		174.72	
Unquoted				
Shares:				
SNL Bearings Limited				
10,00,000 6% Cumulative redeemable preference shares of Rs.100 each fully paid-up	<b>1000.00</b>		1000.00	
NRB Bearings (Thailand) Limited				
49,99,994 Shares of THB 10 each fully paid-up	<b>599.64</b>		599.64	
2. In a joint venture company				
Unquoted				
Shares:				
Schneeberger India Private Limited				
1,12,500 Equity shares of Rs. 10 each fully paid-up	<b>11.25</b>		11.25	
3. Others				
Quoted				
Shares:				
Indusind Bank Limited				
8,541 Equity shares of Rs. 10 each fully paid-up	<b>0.98</b>		0.98	
Eicher Motors Limited				
600 Equity shares of Rs. 10 each fully paid-up	<b>0.06</b>		0.06	
Hero Honda Motors Limited				
6,250 Equity shares of Rs. 2 each fully paid-up	<b>0.05</b>		0.05	
		<b>1786.70</b>		1786.70
Per balance sheet		<b>1792.70</b>		1792.70
Aggregate amount of quoted investments [market value Rs. 1100.09 lacs (as at 31.03.2009 Rs. 226.96 lacs)]		<b>175.81</b>		175.81
Aggregate amount of unquoted investments		<b>1616.89</b>		1616.89
		<b>1792.70</b>		1792.70

**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

	Rs. lacs	As at 31.03.2010 Rs. lacs	Rs. lacs	As at 31.03.2009 Rs. lacs
<b>Schedule 7 - Inventories</b>				
(at lower of cost and net realisable value, as certified by the Managing Director)				
Stores and spare parts		<b>653.14</b>		481.69
Stock-in-trade				
Raw materials, bought out components and packing materials	<b>1891.73</b>		1862.04	
Manufactured components	<b>750.56</b>		709.62	
Work-in-progress	<b>1702.80</b>		1550.75	
Finished goods	<b>3057.38</b>		4342.75	
		<b>7402.47</b>		8465.16
Per balance sheet		<b>8055.61</b>		8946.85
<b>Schedule 8 - Sundry debtors</b>				
Over six months				
Secured, considered good	<b>0.28</b>		2.70	
Unsecured, considered good	<b>1068.57</b>		1147.30	
Unsecured, considered doubtful	<b>475.20</b>		374.07	
		<b>1544.05</b>		1524.07
Others				
Secured, considered good	<b>85.85</b>		40.33	
Unsecured, considered good	<b>6301.81</b>		6025.95	
		<b>6387.66</b>		6066.28
		<b>7931.71</b>		7590.35
Provision for doubtful debts		<b>475.20</b>		374.07
Per balance sheet		<b>7456.51</b>		7216.28
<b>Schedule 9 - Cash and bank balances</b>				
Cash on hand		<b>5.06</b>		5.55
Cheques on hand		<b>133.28</b>		287.46
Current accounts with scheduled banks		<b>330.33</b>		125.05
Per balance sheet		<b>468.67</b>		418.06

**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

	<b>As at 31.03.2010 Rs. lacs</b>	<b>As at 31.03.2009 Rs.lacs</b>
<b>Schedule 10 - Loans and advances</b>		
(Unsecured, considered good )		
Advances and loans to subsidiary companies	<b>322.01</b>	325.09
Advances recoverable in cash or in kind or for value to be received	<b>1199.87</b>	918.28
Income taxes paid less provisions there against (other than deferred tax)	<b>461.76</b>	389.18
Fringe benefit tax paid less provisions there against	<b>10.00</b>	10.00
Balance with central excise	<b>263.09</b>	167.04
Per balance sheet	<b>2256.73</b>	1809.59
<b>Schedule 11 - Current liabilities</b>		
Sundry creditors		
- due to micro enterprises and small enterprises (see note 5 on schedule 20)	-	-
- due to others	<b>5372.30</b>	3290.44
	<b>5372.30</b>	3290.44
Security deposits	<b>166.02</b>	90.72
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 in relation to unpaid dividends (not due)	<b>13.72</b>	13.30
Interest accrued but not due on loans	<b>70.61</b>	31.17
Per balance sheet	<b>5622.65</b>	3425.63
<b>Schedule 12 - Provisions</b>		
Taxation less payments thereagainst (other than deferred tax)	<b>189.29</b>	45.45
Fringe benefit tax (net of payments)	<b>8.50</b>	8.50
Proposed dividend	<b>969.23</b>	775.38
Additional income-tax on distributed profits	<b>160.97</b>	131.78
Gratuity in respect of managing director	<b>1.00</b>	1.00
Compensated absences	<b>321.82</b>	258.54
Per balance sheet	<b>1650.81</b>	1220.65

**SCHEDULES 13 TO 18 ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2010**

	Rs. lacs	Year ended 31.03.2010 Rs. lacs	Rs. lacs	Year ended 31.03.2009 Rs.lacs
<b>Schedule 13 - Other income</b>				
Sale of scrap		<b>334.47</b>		405.46
Agency commission		<b>49.22</b>		43.68
Dividend from investments				
Trade - Long term	<b>7.61</b>		1.24	
Other than trade - Long term	<b>1.50</b>		-	
		<b>9.11</b>		1.24
Profit on sale of fixed assets (net)		<b>198.52</b>		-
Rent		<b>102.27</b>		74.59
Foreign exchange gain (net)		<b>170.67</b>		-
Miscellaneous		<b>7.40</b>		9.60
Per profit and loss account		<b>871.66</b>		534.57
<b>Schedule 14 - Increase/(Decrease) in stock of work-in-progress and finished goods</b>				
Opening stocks:				
Manufactured components		<b>709.62</b>		605.31
Work-in-progress		<b>1550.75</b>		1766.74
Finished goods		<b>4342.75</b>		3122.36
		<b>6603.12</b>		5494.41
Closing stocks:				
Manufactured components		<b>750.56</b>		709.62
Work-in-progress		<b>1702.80</b>		1550.75
Finished goods		<b>3057.38</b>		4342.75
		<b>5510.74</b>		6603.12
Per profit and loss account		<b>(1092.38)</b>		1108.71
<b>Schedule 15 - Employee costs</b>				
Salaries, wages and bonus		<b>4889.45</b>		4345.31
Gratuity		<b>231.64</b>		209.35
Company's contribution to provident fund and other funds		<b>386.25</b>		347.91
Staff welfare		<b>698.82</b>		592.61
Per profit and loss account		<b>6206.16</b>		5495.18

**SCHEDULES 13 TO 18 ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)**

	Year ended 31.03.2010 Rs. lacs	Year ended 31.03.2009 Rs.lacs
<b>Schedule 16 - Repairs</b>		
Plant and machinery	118.25	210.03
Buildings	117.50	184.65
Others	50.79	87.15
Per profit and loss account	286.54	481.83
<b>Schedule 17 - Other expenses</b>		
Insurance	54.17	62.18
Rent	16.19	20.08
Rates and taxes	47.07	74.09
Legal and professional fees	175.72	207.87
Directors' fees	2.00	2.10
Commission on sales	229.53	154.13
Travelling and conveyance	422.94	445.71
Postage, telephone and fax	94.16	93.16
Bank charges	157.33	88.52
Cash discount on sales	74.99	25.42
Advertisement and publicity	104.70	82.47
Forwarding charges	690.43	646.17
Bad debt written off	13.04	-
Provision for doubtful debts	101.13	110.70
Lease rent	32.43	44.51
IT expenses	184.20	93.02
Excise duty on decrease in stock of finished goods	(62.01)	(92.46)
Foreign exchange loss	-	971.26
Miscellaneous	533.02	506.82
Per profit and loss account	2871.04	3535.75
<b>Schedule 18 - Interest (net)</b>		
On fixed loans	483.72	688.20
On others	332.20	268.07
	815.92	936.27
Less : Interest income (gross) on inter-corporate deposits	(49.05)	(58.91)
[Tax deducted at source Rs. 8.20 lacs (31.03.2009 Rs. 13.25 lacs)]	766.87	877.36

**Schedule 19 - Significant accounting policies annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date**

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**1. Basis of accounting**

The financial statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956, and comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the said Act.

**2. Use of estimates**

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialized.

**3. Fixed assets and depreciation**

- (a) All fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use less accumulated depreciation.
- (b) Depreciation for the year has been provided on the straight line method, in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956, except that leasehold land is amortised over the period of the lease and computer software is amortised over a period of 36 months.
- (c) Also see Note 12 below.

**4. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

**5. Foreign currency transactions**

- (a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. In respect of monetary items denominated in foreign currencies, exchange differences arising out of settlement or on conversion at the closing rate are recognised in the profit and loss account. Exchange differences arising on long term foreign currency monetary items relating to acquisition of depreciable capital assets, are adjusted to the carrying amount of fixed assets.
- (b) Swap transactions are entered by the company to hedge its exposure against movements in foreign exchange rates and interest rates.
- (c) Gains/losses arising on swap transactions are recognized in the profit and loss account.

**6. Investments**

Long-term investments are stated at cost less provision for diminution in the value of investments, if any. Current investments are stated at lower of cost and fair value.

**7. Inventories**

Stores and spare parts and Stock-in-trade comprising of raw materials, bought out components & packing materials, manufactured components, work-in-progress and finished goods are valued at the lower of cost



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**Schedule 19 - Significant accounting policies annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

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and net realisable value. Material costs included in the valuation of stock-in-trade are determined on the basis of weighted average method. Costs of conversion and other costs are determined on the basis of standard cost method adjusted for variances between standard costs and actual costs, unless such costs are specifically identifiable, in which case they are included in the valuation at actuals.

**8. Sales**

- (a) Sales are recognized in accordance with Accounting Standard 9 viz. when the seller has transferred to the buyer, the property in the goods, for a price, or all significant risk and rewards of ownership have been transferred to the buyer without the seller retaining any effective control over the goods.
- (b) Sales are inclusive of excise duty and are net of sales returns.

**9. Employee benefits**

- (a) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

- (b) Long term benefits

- (i) Defined Contribution Plans :

- 1. Provident and Family Pension Fund

The eligible employees of the company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the Regional Provident Fund Commissioner. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the company has no further obligations beyond making the contribution.

- 2. Superannuation

The eligible employees of the company are entitled to receive post employment benefits in respect of superannuation scheme, in which the company makes quarterly contributions at 15% of employees' eligible salary. The contributions are made to an insurance company on behalf of the trust managed by the company (currently HDFC Standard Life Insurance Company Limited). Superannuation scheme is classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution.

The Company's contributions to Defined Contribution Plans are charged to profit and loss account as incurred.

- (ii) Defined Benefit Plans / Other Employee Benefit :

- 1. Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company has arrangements with the insurance company (currently HDFC Standard Life Insurance Company Limited) for future payments of gratuities on behalf of the trusts established for this purpose. The Company accounts for

**Schedule 19 - Significant accounting policies annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

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gratuity benefits payable in future based on an independent actuarial valuation as at the year end. Actuarial gains and losses are recognized in the profit and loss account.

2. **Compensated absences**

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation as at year end. Actuarial gains and losses are recognized in the profit and loss account.

10. **Voluntary retirement compensation**

Voluntary retirement compensation is fully expensed in the year in which the liability is incurred.

11. **Research and development expenditure**

Capital expenditure on research and development is treated in the same way as other fixed assets. Revenue expenditure is written off in the year in which it is incurred.

12. **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

13. **Operating Lease**

Assets taken on lease under which, all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

14. **Taxation**

Taxation expenses comprise current tax, deferred tax and fringe benefit tax.

- (a) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.
- (b) Deferred tax is recognized on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- (c) Fringe benefit tax is the amount of tax payable on the value of benefits provided to employees for the year as determined in accordance with the provisions of the Income-tax Act, 1961.

15. **Contingent Liabilities**

Contingent liabilities are disclosed in the notes on accounts. Provision is made in the accounts if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date**

	<b>As at 31.03.2010 Rs. lacs</b>	<b>As at 31.03.2009 Rs.lacs</b>
<b>1. Contingent liabilities not provided for:</b>		
a) Income Tax	<b>378.92</b>	60.25
b) Sales tax	<b>118.08</b>	46.01
c) Customs duty	<b>158.87</b>	158.87
d) Bank guarantees	<b>13.15</b>	8.00
e) Corporate guarantees issued on behalf of subsidiary companies.	<b>1770.28</b>	1973.56
The Company is in further appeal in respect of matters stated in a) to c) above.		
<b>2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)</b>	<b>625.77</b>	1542.17
	<b>Year ended 31.03.2010 Rs. lacs</b>	<b>Year ended 31.03.2009 Rs.lacs</b>
<b>3. a) The amount of exchange differences (net):</b>		
i) (credited) / debited to the profit and loss account is	<b>(170.67)</b>	971.26
ii) added to/(deducted from) the carrying amount of fixed assets is	<b>(153.01)</b>	555.14
b) Pursuant to the option available under the Companies (Accounting Standards) Amendment Rules, 2009, the Company had with effect from 1st April, 2007 changed its accounting policy wherein exchange differences arising on long term foreign currency monetary items relating to acquisition of depreciable capital asset has been added to or deducted from the cost of the asset and depreciated over its balance useful life. This had in the previous year resulted in reduction in general reserve by Rs. 130.66 lacs (net of deferred tax Rs. 67.21 lacs).		
<b>4. The company has investments of Rs. 1174.72 lacs (as at 31.03.2009 Rs.1174.72 lacs) comprising 2484176 Equity shares of Rs.10 each and 1000000 6% Cumulative redeemable preference shares of Rs.100 each, in SNL Bearings Limited (SNL), a subsidiary company. The company has also granted to SNL, advances and loans of Rs.300.00 lacs (as at 31.03.2009: Rs.300.00 lacs). Although SNL has substantial accumulated losses, in the opinion of the management, having regard to the long term prospects of SNL and the efforts being made to turnaround its financial position and performance, no provision for the loss is considered necessary.</b>		

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

5. There are no amounts due to the suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006; this information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose. This has been relied upon by the auditors.

	<b>Year ended 31.3.2010 Rs. in lacs</b>	<b>Year ended 31.3.2009 Rs.in lacs</b>
6. Expenditure on Research and Development :		
a) charged to the profit and loss account	<b>283.53</b>	251.11
b) capitalized to fixed assets	<b>35.10</b>	44.72

7. As the company's activity falls within a single segment viz. bearings and the sales substantially being in the domestic market, the disclosure requirements of Accounting Standard 17 "Segment Reporting", is not applicable.

8. **Related party disclosures**

(i) **Names of related parties and nature of relationship where control exists**

- (a) SNL Bearings Limited – subsidiary company
- (b) NRB Bearings (Thailand) Limited - subsidiary company
- (c) Mr. T. S. Sahney, Chairman and Managing Director – individual having substantial interest in the voting power and the power to direct by agreement, the financial and operating policies of the company.

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

**(ii) Transactions with related parties**

<b>Name of the related party and description of relationship</b>	<b>Nature of transaction</b>	<b>Volume of transactions Rs. lacs</b>	<b>Receivable As at 31.03.10 Rs. lacs</b>	<b>Payable As at 31.03.10 Rs. lacs</b>
<b>SNL Bearings Limited</b> , referred in (i)(a) above	ICDs repaid	<b>150.00</b> (350.00)	<b>300.00</b> (300.00)	-
	ICD taken	<b>150.00</b> (-)		(-)
	Interest received on ICDs	<b>49.05</b> (58.91)	- (-)	- (-)
	Sale of raw materials	<b>4.25</b> (12.89)	- (-)	<b>76.85</b> (75.19)
	Purchase of raw materials components, etc.	<b>695.87</b> (838.50)		
	Guarantee given by NRB Bearings Ltd.	- (-)		- (-)
<b>NRB Bearings (Thailand) Limited.</b> , referred in (i)(b) above	Advances Repaid	<b>1.20</b> (6.60)	<b>22.02</b> (25.93)	
	Sale of finished goods, raw materials etc	<b>234.14</b> (29.98)	<b>213.70</b> (-)	
	Purchase of stores and spares	<b>83.49</b> (-)		<b>15.33</b> (-)
	Guarantees given by NRB Bearings Ltd.	- (1474.63)	<b>1560.28</b> (1763.56)	
<b>Key management personnel</b> - Mr. T. S. Sahney [also the individual referred in (i)(c) above] - Ms. H. S. Zaveri – Whole time Director - Mr. D. S. Sahney – Whole time Director	Remuneration	<b>127.85</b> (82.21)	}	<b>70.10</b> (-)
		<b>91.83</b> (72.68)		
		<b>61.82</b> (52.14)		
<b>New Indo Trading Co.</b> a firm where the individual referred in (i) (c) above is a partner	Service charges paid	<b>2.87</b> (4.20)	- (-)	<b>0.77</b> (-)
<b>Schneeberger India Private Limited</b> , a Joint Venture of the Company	Investment in Share capital	- (11.25)	- (-)	- (-)
	Reimbursement of Expenses	<b>8.03</b> (8.78)	- (-)	- (-)
	Rent Received	<b>4.70</b> (3.52)	- (-)	- (-)

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

8. (contd.)

(iii) Additional disclosure pursuant to Circular CRD/GEN/2003/1 dated February 6, 2003 of The Stock Exchange, Mumbai.

<b>Name</b>	<b>Balance as at 31st March, 2010</b>	<b>Maximum amount outstanding during the year ended 31st March, 2010</b>
	<b>Rs.lacs</b>	<b>Rs.lacs</b>
Loans and advances in the nature of loans to subsidiary companies-		
a) SNL Bearings Limited	<b>300.00</b> (300.00)	<b>450.00</b> (650.00)
b) NRB Bearings (Thailand) Limited	<b>22.02</b> (25.09)	<b>25.09</b> (26.66)

Notes:

- i) Figures in brackets are in respect of the previous year.
- ii) No amounts pertaining to related parties have been provided for as doubtful debts. Further, no amounts have either been written off or written back during the year.
- iii) Dividend paid has not been considered by the company as a transaction falling under the purview of Accounting Standard 18 "Related Party Disclosures".

9. The company has taken certain equipment and vehicles on operating lease. Lease rentals charged to the profit and loss account for the year ended 31st March, 2010 aggregated Rs.32.43 lacs (for the year ended 31.03.2009 Rs.44.51 lacs). The minimum lease payments to be made in future as at the year end, in respect of non-cancellable leases are as follows:

	<b>Rs. lacs</b>
(i) For a period not later than one year	<b>35.55</b> (28.96)
(ii) For a period later than one year and not later than five years	<b>27.60</b> (42.16)
(iii) For a period later than five years	- (-)

Figures in brackets are in respect of the previous year

**10. Values used in calculating Earnings Per Share**

	<b>Year ended 31.03.2010</b>	<b>Year ended 31.03.2009</b>
(i) Numerator: Profit after tax (Rs.in lacs)	<b>2440.89</b>	426.32
(ii) Denominator: Number of Equity shares	<b>48,461,300</b>	48,461,300

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

	Year ended <b>31.03.2010</b> Rs. lacs	Year ended 31.03.2009 Rs. lacs
11 (a) <b>Directors' remuneration</b> (see note below)		
Whole-time directors*		
Salary	<b>103.20</b>	103.20
Commission	<b>70.10</b>	-
Contribution to provident fund and other funds	<b>23.90</b>	21.12
Other perquisites	<b>84.30</b>	82.71
	<b>281.50</b>	207.03
Non-whole time directors		
Directors' fees	<b>2.00</b>	2.10
Commission	<b>5.00</b>	1.50
	<b>288.50</b>	210.63

\*excluding gratuity contributed and compensated absences provided, on a global basis.

**Note:** Consequent to inadequacy of profits in the previous year, remuneration paid to Managing Director and a Whole-time Director was in excess of the limits specified in Section 198 read with Schedule XIII of the Companies Act, 1956. The excess remuneration of Rs. 44.26 lacs is pending approval of the Central Government.

	Year ended <b>31.03.2010</b> Rs. lacs	Year ended 31.03.2009 Rs. lacs
(b) Commission payable to the Directors:		
Profit before tax	<b>3714.96</b>	916.06
Add: i) Whole-time Directors' remuneration	<b>281.50</b>	207.03
ii) Directors' sitting fees	<b>2.00</b>	2.10
iii) Commission to non-whole time Directors	<b>5.00</b>	1.50
iv) Provision for doubtful debts	<b>101.13</b>	110.70
Net profit	<b>4104.59</b>	1237.39

Commission payable to the Managing Director and the two whole-time directors (at the rate of 1% of net profits to each of them, limited to one year's salary in respect of the Managing Director and six month's salary in respect of the two whole-time directors)

**70.10** -

Commission to non-whole time directors (not exceeding 0.125% of net profits, subject to maximum of Rs. 5 lacs as determined by the Board of Directors)

**5.00** 1.50

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

12 Components of deferred tax:

Rs.lacs

<b>Nature of timing difference</b>	<b>Deferred tax asset/(liability) As at 31.03.2009</b>	<b>Credit/ (charge) for the year</b>	<b>Deferred tax asset/(liability) As at 31.03.2010</b>
<b>(a) Deferred tax liability</b>			
Depreciation	(1470.86)	(79.95)	<b>(1550.81)</b>
Sub – total	(1470.86)	(79.95)	<b>(1550.81)</b>
<b>(b) Deferred tax asset</b>			
Provision for doubtful debts	127.15	34.37	<b>161.52</b>
Provision for compensated absences	87.88	21.51	<b>109.39</b>
Sub-total	215.03	55.88	<b>270.91</b>
Net amount	(1255.83)	<b>(24.07)</b>	<b>(1279.90)</b>

**Year ended  
31.03.2010  
Rs. lacs**

Year ended  
31.03.2009  
Rs.lacs

13. **Details of Auditors' remuneration:**  
(excluding service tax)

Audit fees	<b>17.50</b>	16.00
Report under section 44AB of the Income-tax Act, 1961	<b>2.00</b>	2.00
Taxation matters	<b>0.84</b>	3.98
Other services	<b>10.00</b>	14.30
Reimbursement of expenses	<b>0.36</b>	0.50



**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

**14. Raw materials, components and packing materials consumed:**

		<u>Year ended 31.03.2010</u>			<u>Year ended 31.03.2009</u>
	Unit	Quantity	Value Rs. lacs	Quantity	Value Rs.lacs
<b>Raw materials:</b>					
Steel	Tonnes	<b>8850</b>	<b>8164.77</b>	8356	7681.66
Brass	"	<b>136</b>	<b>190.81</b>	114	153.57
Sub - total			<b>8355.58</b>		7835.23
Components	Nos. in 000s	<b>152940</b>	<b>2815.20</b>	101656	2411.31
Sub - total			<b>2815.20</b>		2411.31
<b>Packing materials</b>		*	<b>686.88</b>	*	611.67
* diverse quantitative units					
Grand total			<b>11857.66</b>		10858.21
Of which		%	Value Rs.lacs	%	Value Rs.lacs
Imported		<b>29</b>	<b>3434.77</b>	27	2398.06
Indigenous		<b>71</b>	<b>8422.89</b>	73	8460.15
Total		<b>100</b>	<b>11857.66</b>	100	10858.21

Note: Consumption includes adjustment of excess/shortage ascertained on physical count.

**15 Stores and spares consumed:**

		<u>Year ended 31.03.2010</u>			<u>Year ended 31.03.2009</u>
		%	Value Rs. lacs	%	Value Rs. lacs
Imported		<b>12</b>	<b>437.33</b>	12	396.88
Indigenous		<b>88</b>	<b>3135.43</b>	88	2935.04
		<b>100</b>	<b>3572.76</b>	100	3331.92

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

**16. Capacity and Production:**

	<b>Unit</b>	<b>Installed capacity (per annum)</b>		<b>Production</b>	
		<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>	<b>Year ended 31.03.2010</b>	<b>Year ended 31.03.2009</b>
Loose Needle Rollers	Nos.in 000s	<b>3429120</b>	3429120	<b>2251647</b>	2200787
Needle Roller Bushes and Cages	"	<b>67294</b>	57294	<b>50903</b>	41302
Ball and Roller Bearings	"	<b>31930</b>	29080	<b>24301</b>	17406
Automobile Components	"	<b>5000</b>	4500	<b>3638</b>	3086

- Notes: i) Licenced capacity has not been shown as the industry has been delicensed.  
ii) Installed capacity is as certified by the Chairman and Managing Director and has been accepted by the auditors without verification, this being a technical matter.  
iii) Production includes following quantities produced for captive consumption:  
(a) Loose Needle Rollers – 1511433 Nos. in thousands (for the year ended 31.03.2009: 1219625 Nos. in thousands)  
(b) Needle Roller Bushes and Cages – 1794 Nos. in thousands (for the year ended 31.03.2009: 487 Nos. in thousands)

**17. Sales (net of excise duty):**

	<b>Unit</b>	<b>Quantity</b>	<b>Year ended 31.03.2010</b>	<b>Quantity</b>	<b>Year ended 31.03.2009</b>
			<b>Value Rs.lacs</b>		<b>Value Rs.lacs</b>
Loose Needle Rollers	Nos.in 000s	<b>749889</b>	<b>1730.95</b>	918241	1788.98
Needle Roller Bushes and Cages	"	<b>49504</b>	<b>14596.65</b>	41448	11754.95
Ball and Roller Bearings	"	<b>24611</b>	<b>16227.49</b>	15327	13658.18
Automobile Components	"	<b>3829</b>	<b>2105.43</b>	2977	1640.15
Total			<b>34660.52</b>		28842.26

Note: The Company sometimes sells manufactured components of Needle Roller Bushes and Cages and Needle Roller Bearings. The quantities of such components have not been included in the relevant groups. However, the value shown under the relevant groups is inclusive of the value of such components

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

**18. Closing stock of finished goods:**

	Unit	<b>As at 31.03.2010</b>		As at 31.03.2009		As at 31.03.2008	
		<b>Quantity</b>	<b>Value Rs.lacs</b>	Quantity	Value Rs. lacs	Quantity	Value Rs.lacs
Loose Needle Rollers	Nos.in 000s	<b>180685</b>	<b>275.90</b>	190360	377.37	127439	210.32
Needle Roller Bushes and Cages	"	<b>6724</b>	<b>941.60</b>	7119	1205.46	5095	808.52
Ball and Roller Bearings	"	<b>2235</b>	<b>1727.32</b>	2545	2520.30	3123	1939.53
Automobile Components	"	<b>319</b>	<b>112.56</b>	510	239.62	401	163.99
Total			<b>3057.38</b>		4342.75		3122.36

- Notes: i) Stocks are after adjustments for excess/shortage on physical count and write off of obsolete and slow moving items.
- ii) The company also sells manufactured components of Needle Roller Bushes and Cages and Needle Roller Bearings. The quantities of such components have not been included in the relevant groups. However, the values shown under the relevant groups are inclusive of the values of such components.

	<b>Year ended 31.03.2010 Rs.lacs</b>	<b>Year ended 31.03.2009 Rs.lacs</b>
<b>19 C.I.F. value of imports:</b>		
i) Raw materials and components	<b>3097.85</b>	3402.55
ii) Stores and spares	<b>618.38</b>	441.14
iii) Capital goods	<b>711.93</b>	189.83
<b>20. Expenditure in foreign currency:</b>		
i) Foreign travel	<b>66.02</b>	81.74
ii) Commission on exports	<b>46.11</b>	10.07
iii) Interest	<b>202.75</b>	409.60
iv) Salary	<b>95.35</b>	122.34
<b>21. Earnings in foreign exchange:</b>		
i) Export of goods calculated on F.O.B. basis	<b>2645.03</b>	4418.52
ii) Reimbursement of insurance and freight on exports	<b>61.87</b>	77.69
iii) Agency commission	<b>49.22</b>	43.68

## Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)

### 22. Financial and Derivative Instruments

i) Forward Exchange Contracts entered into by the Company that are outstanding as at 31st March, 2010:

<u>Currency</u>	<u>Amount in foreign currency</u>	<u>Buy/Sell</u>	<u>Cross Currency</u>
USD	<b>86,000</b> (1,405,000)	<b>Buy</b> (Buy)	<b>INR</b> (INR)
JPY	- <b>(10,000,000)</b>	- (Buy)	- (INR)
JPY	<b>117,561,326</b> (18,247,932)	<b>Buy</b> (Buy)	<b>USD</b> (USD)
EURO	(-) (25,000)	- (Buy)	- (USD)

These Forward Foreign Exchange Contracts are entered into for hedging purposes and not for speculation purposes

ii) Swap transactions to hedge against fluctuations in exchange rates:

No. of contracts	:	2 (2)
Principal amount in US Dollars	:	788,164 (1,470,048)
Equivalent rupees at year end rate	:	382.26 lacs (702.07 lacs)
Principal amount in Yen (cross currency swap in US Dollars)	:	335,760,324 (413,243,475)
Equivalent dollars at year end rate	:	3,152,679 (3,880,220)

iii) Foreign currency exposures that have not been hedged by a derivative instrument or otherwise outstanding as at 31.03.2010:

a) Amounts receivable in foreign currency :

<u>Purpose</u>	<u>Currency</u>	<u>Amount</u>	<u>Equivalent Rs. lacs as at the year end</u>
Export of goods	USD	<b>17,16,952</b> (599,745)	<b>770.74</b> (304.07)
	EURO	<b>16,46,627</b> (2,470,309)	<b>998.84</b> (1653.87)
	CHF	<b>5,812</b> (5,985)	<b>2.47</b> (2.66)
	GBP	<b>16,578</b> (22,313)	<b>11.30</b> (16.16)

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

b) Amounts payable in foreign currency :

<b>Purpose</b>	<b>Currency</b>	<b>Amount</b>	<b>Equivalent Rs. lacs as at the year end</b>
Import of goods	JPY	<b>24,520,667</b> (47,013,938)	<b>118.48</b> (248.33)
	EURO	<b>628,945</b> (278,027)	<b>381.77</b> (179.31)
	USD	<b>1,316,487</b> (-)	<b>591.10</b> (-)
	CHF	<b>3,589</b> (34)	<b>1.53</b> (0.01)
	THB	<b>828,280</b> (-)	<b>11.50</b> (-)
Capital Imports	JPY	<b>80,756,882</b> (-)	<b>390.22</b> (-)
	GBP	<b>21,750</b> (-)	<b>14.83</b> (-)
Loans payable	USD	<b>2,278,515</b> (5,667,556)	<b>1023.05</b> (2,874.58)
Interest payable	JPY	<b>-</b> (4,687,200)	<b>-</b> (25.38)

Figures in brackets are the corresponding figures in respect of the previous year.

**23. Employee Benefits**
**1. Defined Contribution plans**

Contribution to Defined Contribution Plans, recognized in the statement of profit and loss account for the year, under employee costs in schedule 15 are as under:

	<b>Year ended 31.03.2010 Rs. in Lacs</b>	<b>Year ended 31.03.2009 Rs. in Lacs</b>
i) Employer's Contribution to Provident Fund	<b>169.30</b>	138.66
ii) Employer's Contribution to Family Pension Fund	<b>86.14</b>	95.05
iii) Employer's Contribution to Superannuation Fund	<b>89.90</b>	65.72

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**
**2. Defined Benefit Plan**

a) Gratuity – as per actuarial valuation as at the year ended (based on Projected Unit Benefit Method)

<b>Particulars</b>	<b>As at 31st March, 2010 Rs. In Lacs</b>	<b>As at 31st March, 2009 Rs. In Lacs</b>
i) Components of employer expenses		
a) Current Service cost	53.38	38.77
b) Interest cost	73.99	61.22
c) Expected return on plan assets	(78.24)	(74.99)
d) Actuarial Losses/ (Gains)	27.19	184.35
e) Past Service cost - Vested Benefit	155.32	-
<b>Total expenses recognised in the Profit and Loss Account</b>	<b>231.64</b>	<b>209.35</b>
ii) Actual Contribution and Benefit Payments for year		
a) Actual benefit payments	30.15	55.20
b) Actual Contributions	<b>105.00</b>	<b>214.00</b>
iii) Change in Defined Benefit Obligations (DBO) during the year		
a) Present Value of DBO at the beginning of the year	886.53	754.12
b) Current Service cost	53.38	38.77
c) Past Service cost - Vested Benefit	155.32	-
d) Interest cost	73.99	61.22
e) Actuarial Losses/ (Gains)	93.81	87.62
f) Benefits paid	(30.15)	(55.20)
<b>Present Value of DBO at the end of the year</b>	<b>1,232.88</b>	<b>886.53</b>
iv) Change in Fair Value of Assets during the year		
a) Plan assets at beginning of the year	888.12	751.06
b) Expected return on plan assets	78.24	74.99
c) Actuarial (Losses)/ Gains	66.62	(96.73)
d) Actual Company contributions	105.00	214.00
e) Fair Value of benefits paid	(30.15)	(55.20)
<b>Fair value of plan assets at the end of year</b>	<b>1,107.84</b>	<b>888.12</b>
v) Contribution expected to be paid next year	58.94	69.69
vi) Actuarial Assumptions		
a) Discount Rate	8.00%-8.25%	8.00%
b) Expected rate of return on Plan assets	8.00%	8.00%
c) Salary escalation	3%-4%	3%-4%
d) Mortality Table	LIC (1994-96)	LIC (1994-96)
vii) The major categories of plan assets - Insurer Managed Funds	100.00%	100.00%

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2010 and the profit and loss account for the year ended on that date (Contd.)**

Particulars	As at 31st March, 2010 Rs. In Lacs	As at 31st March, 2009 Rs. In Lacs	As at 31st March, 2008 Rs. In Lacs
viii) Net asset/(liability) recognised in Balance Sheet			
a) Defined Benefit Obligation	(1,232.88)	(886.53)	(754.12)
b) Fair Value of Plan assets	1,107.84	888.12	751.06
<b>c) Net asset/(liability) recognised in balance sheet</b>	<b>(125.04)</b>	<b>1.59</b>	<b>(3.06)</b>
d) Experience adjustment arising on :			
1) Plan Liabilities [Losses / (Gains)]	97.54	87.62	72.66
2) Plan Assets [Losses / (Gains)]	(66.62)	96.73	5.88

- Notes: i) Accounting Standard 15 (Revised 2005) "Employee Benefits" requires the disclosure of the information mentioned under 2(a)(viii) above related to 'Net Asset / (Liability) recognized in balance sheet' for the past four years; however the information is available only for past two years since the date of implementation of the Standard.
- ii) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.
- iii) The assumption of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.
- b) Compensated absences recognized in the statement of profit and loss account for the year, under employee cost in schedule 15, is Rs.112.86 lacs (for the year ended 31.03.2009 : Rs. 62.09 lacs).
24. The company has entered into a joint venture agreement with Schneeberger Holding AG, Switzerland to act as its exclusive agent in India and has formed a joint venture company with effect from 15th February, 2008 for which NRB Bearings Limited has contributed towards its share capital on 14th May, 2008. The proportionate share in assets, liabilities, income & expenditure of the joint venture company as on 31st, December 2009 is given below :

(Rupees in Lacs)

Name of The Joint venture company	Percentage of holding	Assets	Liabilities	Income	Expenditure
Schneeberger India Private Limited (incorporated in India)	<b>45%</b> (45%)	<b>15.72</b> (19.39)	<b># 3.45</b> (7.64)	<b>17.43</b> (15.91)	<b>12.37</b> (8.56)

There are no capital commitment nor contingent liabilities.

Figures in brackets are the corresponding figures in respect of the previous year.

# net after deducting shareholders' funds

25. Previous year's figures have been regrouped wherever necessary.

Signature to Schedule 1 to 20

For and on behalf of the Board of Directors

**T. S. Sahney**  
Managing Director

**K. M. Elavia**      **K. S. Pant**

**Jyotsna. S**  
Chief Financial Officer

**H. S. Zaveri**      **A. N. Desai**

**S. C. Rangani**  
Sr. V P & Company Secretary

**D. S. Sahney**  
Directors

Mumbai : May 24, 2010

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**I. Registration Details**

Registration No. ---13251

State Code 11

Balance Sheet Date 31 03 2010  
Date Month Year

**II. Capital Raised During the year (Amount in Rs. )**

Public Issue	Right Issue	Bonus Issue	Private Placement
<span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">N</span> <span style="border: 1px solid black; padding: 0 5px;">I</span> <span style="border: 1px solid black; padding: 0 5px;">L</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span>	<span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">N</span> <span style="border: 1px solid black; padding: 0 5px;">I</span> <span style="border: 1px solid black; padding: 0 5px;">L</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span>	<span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">N</span> <span style="border: 1px solid black; padding: 0 5px;">I</span> <span style="border: 1px solid black; padding: 0 5px;">L</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span>	<span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">N</span> <span style="border: 1px solid black; padding: 0 5px;">I</span> <span style="border: 1px solid black; padding: 0 5px;">L</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span>

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

	Total Liabilities	Total Assets
	<span style="border: 1px solid black; padding: 0 5px;">2</span> <span style="border: 1px solid black; padding: 0 5px;">8</span> <span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">3</span> <span style="border: 1px solid black; padding: 0 5px;">6</span> <span style="border: 1px solid black; padding: 0 5px;">0</span> <span style="border: 1px solid black; padding: 0 5px;">8</span>	<span style="border: 1px solid black; padding: 0 5px;">2</span> <span style="border: 1px solid black; padding: 0 5px;">8</span> <span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">3</span> <span style="border: 1px solid black; padding: 0 5px;">6</span> <span style="border: 1px solid black; padding: 0 5px;">0</span> <span style="border: 1px solid black; padding: 0 5px;">8</span>
Sources of Fund	Paid -Up Capital	Reserves & Surplus
	<span style="border: 1px solid black; padding: 0 5px;">9</span> <span style="border: 1px solid black; padding: 0 5px;">6</span> <span style="border: 1px solid black; padding: 0 5px;">9</span> <span style="border: 1px solid black; padding: 0 5px;">2</span> <span style="border: 1px solid black; padding: 0 5px;">3</span>	<span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">7</span> <span style="border: 1px solid black; padding: 0 5px;">7</span> <span style="border: 1px solid black; padding: 0 5px;">9</span> <span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">7</span> <span style="border: 1px solid black; padding: 0 5px;">9</span>
	Secured Loans	Unsecured Loans
	<span style="border: 1px solid black; padding: 0 5px;">3</span> <span style="border: 1px solid black; padding: 0 5px;">4</span> <span style="border: 1px solid black; padding: 0 5px;">6</span> <span style="border: 1px solid black; padding: 0 5px;">2</span> <span style="border: 1px solid black; padding: 0 5px;">0</span> <span style="border: 1px solid black; padding: 0 5px;">6</span>	<span style="border: 1px solid black; padding: 0 5px;">4</span> <span style="border: 1px solid black; padding: 0 5px;">6</span> <span style="border: 1px solid black; padding: 0 5px;">3</span> <span style="border: 1px solid black; padding: 0 5px;">3</span> <span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">0</span>
		Deferred Tax Liability
		<span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">2</span> <span style="border: 1px solid black; padding: 0 5px;">7</span> <span style="border: 1px solid black; padding: 0 5px;">9</span> <span style="border: 1px solid black; padding: 0 5px;">9</span> <span style="border: 1px solid black; padding: 0 5px;">0</span>
Application of Funds	Net Fixed Assets	Investments
	<span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">5</span> <span style="border: 1px solid black; padding: 0 5px;">3</span> <span style="border: 1px solid black; padding: 0 5px;">7</span> <span style="border: 1px solid black; padding: 0 5px;">9</span> <span style="border: 1px solid black; padding: 0 5px;">3</span> <span style="border: 1px solid black; padding: 0 5px;">2</span>	<span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">7</span> <span style="border: 1px solid black; padding: 0 5px;">9</span> <span style="border: 1px solid black; padding: 0 5px;">2</span> <span style="border: 1px solid black; padding: 0 5px;">7</span> <span style="border: 1px solid black; padding: 0 5px;">0</span>
		Net Current Assets
		<span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">0</span> <span style="border: 1px solid black; padding: 0 5px;">9</span> <span style="border: 1px solid black; padding: 0 5px;">6</span> <span style="border: 1px solid black; padding: 0 5px;">4</span> <span style="border: 1px solid black; padding: 0 5px;">0</span> <span style="border: 1px solid black; padding: 0 5px;">6</span>
	Miscellaneous Expenses	Accumulated Losses
	<span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">N</span> <span style="border: 1px solid black; padding: 0 5px;">I</span> <span style="border: 1px solid black; padding: 0 5px;">L</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span>	<span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">N</span> <span style="border: 1px solid black; padding: 0 5px;">I</span> <span style="border: 1px solid black; padding: 0 5px;">L</span> <span style="border: 1px solid black; padding: 0 5px;">-</span> <span style="border: 1px solid black; padding: 0 5px;">-</span>

**IV. Performance of Company (Amount in Rs. Thousands)**

	Turn Over	Total Expenditure
	<span style="border: 1px solid black; padding: 0 5px;">3</span> <span style="border: 1px solid black; padding: 0 5px;">5</span> <span style="border: 1px solid black; padding: 0 5px;">5</span> <span style="border: 1px solid black; padding: 0 5px;">3</span> <span style="border: 1px solid black; padding: 0 5px;">2</span> <span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">8</span>	<span style="border: 1px solid black; padding: 0 5px;">3</span> <span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">8</span> <span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">7</span> <span style="border: 1px solid black; padding: 0 5px;">2</span> <span style="border: 1px solid black; padding: 0 5px;">2</span>
(+ for Profit, - for Loss)	Profit before Tax	Profit after Tax
<input checked="" type="checkbox"/> + <input type="checkbox"/> -	<span style="border: 1px solid black; padding: 0 5px;">3</span> <span style="border: 1px solid black; padding: 0 5px;">7</span> <span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">4</span> <span style="border: 1px solid black; padding: 0 5px;">9</span> <span style="border: 1px solid black; padding: 0 5px;">6</span>	<input checked="" type="checkbox"/> + <input type="checkbox"/> -
	Earning Per Share in Rs.	Dividend Rate %
	<span style="border: 1px solid black; padding: 0 5px;">5</span> <span style="border: 1px solid black; padding: 0 5px;">.</span> <span style="border: 1px solid black; padding: 0 5px;">0</span> <span style="border: 1px solid black; padding: 0 5px;">4</span>	<span style="border: 1px solid black; padding: 0 5px;">1</span> <span style="border: 1px solid black; padding: 0 5px;">0</span> <span style="border: 1px solid black; padding: 0 5px;">0</span>

**V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)**

Item Code No. (I T C Code)	8	4	8	2	4	0	.	0	0																								
Product Description	N									E	E	D	L	E	R	O	L	L	E	R	B	E	A	R	I	N	G	S					
Item Code No. (I T C Code)	8	4	8	2	5	0	.	0	0																								
Product Description	C									Y	L	I	N	D	R	I	C	A	L	R	O	L	L	E	R	B	E	A	R	I	N	G	S
Item Code No. (ITC Code)	8	4	8	2	1	0	.	0	0																								
Product Description	B									A	L	L	B	E	A	R	I	N	G	S													

For and on behalf of the Board of Directors

**T. S. Sahney**  
Managing Director

**K. M. Elavia**

**K. S. Pant**

**Jyotsna. S**  
Chief Financial Officer

**H. S. Zaveri**

**A. N. Desai**

**S. C. Rangani**  
Sr. V P & Cmpny Secretary

**D. S. Sahney**  
Directors

Mumbai : May 24, 2010



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO  
SUBSIDIARY COMPANIES SNL BEARINGS LTD AND NRB BEARINGS (THAILAND)LTD**

	<b>SNL BEARINGS LTD</b>	<b>NRB BEARINGS (THAILAND) LTD</b>
A. The Financial Year of the Subsidiary Company	<u>31st March, 2010</u>	<u>31st March, 2010</u>
B. (a) Number of Shares held by Holding Company at the end of the financial year of the Subsidiary Company	2484176 Equity Shares of Rs.10/- each fully paid up	4,999,994 Equity Shares of Thai Baht 10/- each , Thai Baht 10 each fully paid up
(b) Extent of holding	68.78%	100.00%
C. The net aggregate of profit/(loss) of the Subsidiary so far as it concerns the members of the Holding Company and not dealt with in the Accounts of the Holding Company		
(a) For the financial year ended 31st March, 2010	Rs. 5.12 lacs	(19805.92) THB'000
(b) For the previous financial year	Rs. 100.28 lacs	(19184.85) THB'000
D. Profit dealt with or losses provided for in the Accounts of the Holding Company		
(a) For the financial year ended 31st March, 2010	Nil	Nil
(b) For all previous financial years	Nil	Nil

**T. S. Sahney**  
Managing Director

**K. M. Elavia      K. S. Pant**

**Jyotsna. S**  
Chief Financial Officer

**H. S. Zaveri      A. N. Desai**

**S. C. Rangani**  
Sr. V P & Company Secretary

**D. S. Sahney**  
Directors

Mumbai : May 24, 2010

**ABRIDGED ACCOUNTS OF SUBSIDIARY COMPANIES**
**SNL BEARINGS LIMITED**

Rs. Lacs

<b>ABRIDGED BALANCE SHEET AS ON 31ST MARCH</b>		
	<b>2010</b>	<b>2009</b>
<u>Liabilities</u>		
Capital	<b>1361.15</b>	1361.15
Reserves & Surplus	<b>15.03</b>	15.03
Loan funds	<b>371.91</b>	423.46
Other liabilities and provisions	<b>164.16</b>	299.64
Total	<b>1912.25</b>	2099.28
<u>Assets</u>		
Fixed assets (net)	<b>322.17</b>	364.81
Current assets	<b>769.38</b>	908.65
Profit & loss account	<b>820.70</b>	825.82
Total	<b>1912.25</b>	2099.28

<b>ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH</b>		
	<b>2010</b>	<b>2009</b>
<u>Income</u>		
Sales (Net)	<b>1299.46</b>	1239.99
Other income	<b>37.39</b>	22.64
Stocks increase/(decrease)	<b>(67.89)</b>	144.93
Total	<b>1268.96</b>	1407.56
<u>Expenditure</u>		
Materials consumed	<b>387.72</b>	515.58
Operating expenses	<b>112.20</b>	119.50
Adm. & other exps	<b>648.03</b>	502.54
Depreciation	<b>47.30</b>	44.46
Interest	<b>63.05</b>	71.65
Total	<b>1258.30</b>	1253.73
Profit/(Loss) before tax	<b>10.66</b>	153.83
Provision for taxation	<b>5.54</b>	53.54
Profit/(Loss) after tax	<b>5.12</b>	100.29

**NRB BEARINGS (THAILAND) LTD.**

THB'000

<b>ABRIDGED BALANCE SHEET AS ON 31ST MARCH</b>		
	<b>2010</b>	<b>2009</b>
<u>Liabilities</u>		
Capital	<b>50000.00</b>	50000.00
Reserves & Surplus	-	-
Loan funds	<b>92686.65</b>	75373.38
Other liabilities and provisions	<b>17295.93</b>	1502.53
Total	<b>159982.58</b>	126875.91
<u>Assets</u>		
Fixed assets (net)	<b>90618.25</b>	91475.52
Current assets	<b>20504.34</b>	6346.32
Profit & loss account	<b>48859.99</b>	29054.07
Total	<b>159982.58</b>	126875.91

<b>ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH</b>		
	<b>2010</b>	<b>2009</b>
<u>Income</u>		
Sales (Net)	<b>23286.90</b>	57.06
Other income	<b>18.40</b>	4.40
Total	<b>23305.30</b>	61.46
<u>Expenditure</u>		
Materials consumed	<b>18380.49</b>	493.71
Operating expenses	<b>313.31</b>	339.72
Adm. & other exps	<b>14997.23</b>	13349.15
Depreciation	<b>5122.78</b>	3333.98
Interest	<b>4297.41</b>	1729.75
Total	<b>43111.22</b>	19246.31
Profit/(Loss) before tax	<b>(19805.92)</b>	(19184.85)
Provision for taxation	-	-
Profit/(Loss) after tax	<b>(19805.92)</b>	(19184.85)

Exchange Rate 31/03/2010 : THB INR 1.3880

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010**

1. We have audited the attached Consolidated Balance Sheet of NRB BEARINGS LIMITED ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of Rs. 1542.38 lacs as at 31st March, 2010, total revenue of Rs. 328.33 lacs and net cash inflows of Rs. 55.58 lacs for the year ended on that date and of a joint venture, whose financial statements reflect the group's share of total assets of Rs. 15.72 lacs as on 31st December, 2009, total revenue of Rs. 17.43 lacs and net cash outflow of Rs. 2.73 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of this subsidiary and joint venture is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. *Attention is invited to footnote under note 12 of Schedule 20 regarding managerial remuneration of Rs. 44.26 lacs paid during the year 2008-09, in excess of specified limits, pending approval of the Central Government.*
6. *Subject to the matter referred in paragraph 5 above, based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries and joint ventures, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:*
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For A. F. FERGUSON & CO.**  
Chartered Accountants  
(Registration No. 112066W)

**A. C. KHANNA**  
Partner  
Membership No.17814

Mumbai: May 24, 2010

**CONSOLIDATED FINANCIAL STATEMENTS**  
**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule No.	Rs.lacs	As at 31.03.2010 Rs.lacs	Rs.lacs	As at 31.03.2009 Rs.lacs
<b>I. SOURCES OF FUNDS:</b>					
1) Shareholders' funds:					
a) Share capital	1		<b>969.23</b>		969.23
b) Reserves and surplus	2	<b>16665.28</b>		15628.04	
Minority interest					
(i) Share capital		<b>112.74</b>		112.74	
(ii) Reserves and surplus					
- Brought forward balance		<b>(253.13)</b>		(284.44)	
- Transferred from profit & loss account		<b>1.60</b>		31.31	
		<b>(251.53)</b>		(253.13)	
Adjusted against majority interest		<b>(138.79)</b>		(140.39)	
			<b>16526.49</b>		15487.65
			<b>17495.72</b>		16456.88
2) Loan funds:					
a) Secured loans	3	<b>3533.97</b>		7492.22	
b) Unsecured loans	4	<b>5897.57</b>		6669.32	
			<b>9431.54</b>		14161.54
3) Deferred tax liability (net) (see Note 10 on Schedule 20)			<b>1279.19</b>		1255.85
Total			<b>28207.19</b>		31874.27
<b>II. APPLICATION OF FUNDS:</b>					
1) Fixed assets:	5				
a) Gross block		<b>38256.33</b>		37068.05	
b) Less: depreciation		<b>21496.37</b>		19466.26	
c) Net block		<b>16759.96</b>		17601.79	
d) Capital work in progress and advances for capital expenditure		<b>136.27</b>		152.49	
			<b>16896.23</b>		17754.28
2) Investments	6		<b>7.09</b>		7.09
3) Current assets, loans and advances:					
a) Inventories	7	<b>8663.07</b>		9561.48	
b) Sundry debtors	8	<b>7460.69</b>		7426.88	
c) Cash and bank balances	9	<b>550.34</b>		451.87	
d) Loans and advances	10	<b>2002.39</b>		1568.18	
		<b>18676.49</b>		19008.41	
Less: Current liabilities and provisions:					
a) Current liabilities	11	<b>5701.91</b>		3644.14	
b) Provisions	12	<b>1670.71</b>		1251.37	
		<b>7372.62</b>		4895.51	
Net current assets			<b>11303.87</b>		14112.90
Total			<b>28207.19</b>		31874.27
Significant accounting policies	19				
Notes to the consolidated accounts	20				

In terms of our report attached

For and on behalf of the Board of Directors

**For A. F. FERGUSON & CO.**

Chartered Accountants

**T. S. Sahney**

Managing Director

**K. M. Elavia**
**K. S. Pant**
**Jyotsna. S**

Chief Financial Officer

**H. S. Zaveri**
**A. N. Desai**
**A. C. KHANNA**

Partner

Mumbai : May 24, 2010

**S. C. Rangani**

Sr. V P &amp; Company Secretary

**D. S. Sahney**

Directors

Mumbai : May 24, 2010

**CONSOLIDATED FINANCIAL STATEMENTS**
**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule No.	Rs.lacs	Year ended 31.03.2010 Rs.lacs	Rs.lacs	Year ended 31.03.2009 Rs.lacs
<b>INCOME</b>					
Sales (Gross)		<b>38012.96</b>		32627.96	
Less: Excise duty		<b>2744.72</b>		3426.30	
			<b>35268.24</b>		29201.66
Other income	13		<b>915.54</b>		569.66
			<b>36183.78</b>		29771.32
Increase/(Decrease) in stock of work-in-progress and finished goods	14		<b>(1064.63)</b>		1253.65
			<b>35119.15</b>		31024.97
<b>EXPENDITURE</b>					
Raw materials, components and packing materials consumed			<b>11566.14</b>		10428.69
Stores and spares consumed			<b>3576.79</b>		3436.18
Processing charges			<b>1718.12</b>		1676.34
Power and fuel			<b>1591.42</b>		1469.18
Employee costs 15		<b>6907.33</b>		5964.64	
Repairs	16		<b>314.68</b>		520.48
Other expenses 17		<b>3036.25</b>		3697.82	
Depreciation	5		<b>2063.62</b>		2019.64
Interest (net)	18		<b>890.46</b>		972.47
			<b>31664.81</b>		30185.44
<b>PROFIT BEFORE TAX</b>			<b>3454.34</b>		839.53
Provision for taxation					
- Current tax		<b>1253.27</b>		322.53	
- In respect of earlier years		<b>3.84</b>		11.35	
- Deferred tax		<b>24.08</b>		129.69	
			<b>1281.19</b>		463.57
- Fringe benefit tax			<b>-</b>		82.27
			<b>1281.19</b>		545.84
<b>PROFIT AFTER TAX</b>			<b>2173.15</b>		293.69
Parent company's share			<b>2171.55</b>		262.38
Minority			<b>1.60</b>		31.31
Add: Balance brought forward			<b>1079.87</b>		1775.75
<b>AVAILABLE FOR APPROPRIATIONS</b>			<b>3251.42</b>		2038.13
<b>LESS: APPROPRIATIONS:</b>					
Proposed final dividend			<b>969.23</b>		775.38
Additional income-tax on distributed profits			<b>161.40</b>		132.40
Transfer to general reserve			<b>244.44</b>		50.48
Transfer to debenture redemption reserve			<b>333.33</b>		-
			<b>1708.40</b>		958.26
<b>BALANCE CARRIED TO CONSOLIDATED BALANCE SHEET</b>			<b>1543.02</b>		1079.87
Significant accounting policies	19				
Notes to the consolidated accounts	20				
Basic, as well as diluted, earnings per equity share (Nominal value per equity share: Rs.2) [see Note 10 on Schedule 20]			<b>Rs.4.48</b>		Rs.0.61

In terms of our report attached

For and on behalf of the Board of Directors

**For A. F. FERGUSON & CO.**

Chartered Accountants

**T. S. Sahney**

Managing Director

**K. M. Elavia**
**K. S. Pant**
**Jyotsna. S**

Chief Financial Officer

**H. S. Zaveri**
**A. N. Desai**
**A. C. KHANNA**

Partner

Mumbai : May 24, 2010

**S. C. Rangani**

Sr. V P &amp; Company Secretary

**D. S. Sahney**

Directors

Mumbai : May 24, 2010

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Rs.lacs	Year ended 31.03.2010 Rs.lacs	Rs.lacs	Year ended 31.03.2009 Rs.lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
NET PROFIT BEFORE TAX		<b>3454.34</b>		839.53
Adjustments for:				
Depreciation	<b>2063.62</b>		2019.64	
Foreign exchange loss/(gain) unrealised	<b>(59.22)</b>		404.54	
Interest expenditure (net)	<b>890.46</b>		972.47	
Dividend income	<b>(2.92)</b>		(1.24)	
Profit on sale of fixed assets (net)	<b>(198.53)</b>		(0.10)	
Provision for compensated absences	<b>65.06</b>		28.55	
Provision for doubtful debts	<b>101.13</b>		120.70	
Foreign currency translation	<b>(3.68)</b>		44.28	
		<b>2855.92</b>		3588.84
		<b>6310.26</b>		4428.37
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS				
Changes in:				
- Trade and other receivables	<b>(534.73)</b>		1716.33	
- Inventories	<b>898.41</b>		(848.91)	
- Trade payables	<b>2121.19</b>		(2089.97)	
		<b>2484.87</b>		(1222.55)
NET CASH GENERATED FROM OPERATIONS		<b>8795.13</b>		3205.82
Direct taxes paid (net of refund)		<b>(1204.16)</b>		(768.85)
NET CASH FROM OPERATING ACTIVITIES		<b>7590.97</b>		2436.97
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of fixed assets (including adjustments on account of capital advances)		<b>(1374.79)</b>		(2234.29)
Sale of fixed assets		<b>214.74</b>		0.50
Dividend income		<b>2.92</b>		1.24
NET CASH USED IN INVESTING ACTIVITIES		<b>(1157.13)</b>		(2232.55)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from borrowings		<b>14964.75</b>		7102.63
Repayment of borrowings		<b>(15187.90)</b>		(9425.41)
Increase / (Decrease) in cash credit		<b>(4353.84)</b>		4305.92
Interest paid		<b>(851.02)</b>		(992.64)
Dividend paid		<b>(774.96)</b>		(1161.78)
Additional Income tax on distributed profits		<b>(132.40)</b>		(197.66)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		<b>(6335.37)</b>		368.94
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		<b>98.47</b>		(164.52)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)**

	Rs.lacs	Year ended 31.03.2010 Rs.lacs	Rs.lacs	Year ended 31.03.2009 Rs.lacs
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR				
the components being:				
Cash on hand	5.58		8.24	
Cheques on hand	287.46		275.04	
Balances with banks on current accounts	145.33		330.00	
Balances with banks on fixed deposit	1350		-	
Remittance in transit	-		3.11	
		451.87		616.39
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR				
the components being:				
Cash on hand	5.11		5.58	
Cheques on hand	135.43		287.46	
Balances with banks on current accounts	398.55		145.33	
Balances with banks on fixed deposit account	11.25		13.50	
		550.34		451.87
<b>NET INCREASE/(DECREASE) AS DISCLOSED ABOVE</b>		<b>98.47</b>		<b>(164.52)</b>

Notes:

- Figures in brackets represent deductions/outflows.
- Previous year's figures have been regrouped wherever necessary.

In terms of our report attached

For and on behalf of the Board of Directors

**For A. F. FERGUSON & CO.**  
Chartered Accountants

**T. S. Sahney**  
Managing Director

**K. M. Elavia      K. S. Pant**

**Jyotsna. S**  
Chief Financial Officer

**H. S. Zaveri      A. N. Desai**

**A.C. KHANNA**  
Partner

**S. C. Rangani**  
Sr. V P & Company Secretary

**D. S. Sahney**  
Directors

Mumbai: May 24, 2010

Mumbai : May 24, 2010

**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

	<b>As at 31.03.2010 Rs.lacs</b>	<b>As at 31.03.2009 Rs.lacs</b>
<b>Schedule 1 - Share capital</b>		
Authorised:		
5,00,00,000 Equity shares of Rs.2 each	<b>1000.00</b>	1000.00
Issued and subscribed:		
48,461,300 Equity shares of Rs. 2 each fully paid-up	<b>969.23</b>	969.23
Of the above:		
i) 45,500 Equity shares of Rs. 2 each have been allotted as fully paid-up pursuant to contracts without payments having been received in cash.		
ii) 41,563,300 Equity shares of Rs. 2 each have been allotted as fully paid-up by way of bonus shares by capitalisation of general reserve and capital reserve.		
iii) 38,000 Equity shares of Rs. 2 each are allotted to the members of erstwhile Sahney Steel and Press Works Limited on its amalgamation with the company on 01.04.1991.		
Per consolidated balance sheet	<b>969.23</b>	969.23
<b>Schedule 2 - Reserves and surplus</b>		
Capital reserve:		
Per last balance sheet	<b>25.00</b>	25.00
Capital reserve arising on consolidation:		
Per last balance sheet	<b>20.13</b>	20.13
Share premium:		
Per last balance sheet	<b>1214.94</b>	1214.94
Debenture Redemption reserve :		
Transferred from consolidated profit and loss account	<b>333.33</b>	-
General reserve:		
Per last balance sheet	<b>13201.19</b>	13281.37
Less: Exchange differences adjusted to cost of fixed assets [net of deferred tax Rs. Nil (as at 31.03.2009 Rs. 67.21 lacs)] (See note 4 (b) of schedule 20)	-	(130.66)
Add: Transferred from consolidated profit and loss account	<b>244.44</b>	50.48
	<b>13445.63</b>	13201.19
Foreign currency translation reserve:		
Per last balance sheet	<b>86.91</b>	42.63
Add: For the year	<b>(3.68)</b>	44.28
	<b>83.23</b>	1079.91
Surplus being balance in consolidated profit and loss account	<b>1543.02</b>	1079.87
Per consolidated balance sheet	<b>16665.28</b>	15628.04



**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

	<b>As at 31.03.2010 Rs.lacs</b>	<b>As at 31.03.2009 Rs.lacs</b>
<b>Schedule 3 - Secured loans</b>		
a) From Banks:		
i) Cash credits	<b>87.30</b>	4441.14
ii) Term loan in Foreign Currency	<b>1443.93</b>	3043.18
iii) Term loan	<b>2.74</b>	7.90
b) Non-convertible debentures	<b>2000.00</b>	-
Per consolidated balance sheet	<b><u>3533.97</u></b>	<u>7492.22</u>

- Cash Credit taken from banks (a)(i) are secured by hypothecation of all current assets. Further, loan taken by the subsidiary is guaranteed by the parent company.
- Term Loans in Foreign currency(a)(ii) are secured by hypothecation of/charge on the company's fixed assets acquired from proceeds of the loan.
- Term Loan (a)(iii) is secured by hypothecation of/charge on company's vehicles specifically purchased under the loan.
- 200,11.50% Privately placed non- convertible debentures of Rs. 1,000,000 (b), redeemable at par, on 31st May, 2014, are secured by first pari passu charge on specified plant and machinery of the company.

	<b>As at 31.03.2010 Rs.lacs</b>	<b>As at 31.03.2009 Rs.lacs</b>
<b>Schedule 4 - Unsecured loans</b>		
a. Short term loans from banks	<b>1764.47</b>	2555.49
b. Short term loan from bank in foreign currency	-	2658.40
c. Other loans and advances Interest free Sales tax loan	<b>1633.10</b>	1455.43
d. Commercial Papers	<b>2500.00</b>	-
Per consolidated balance sheet	<b><u>5897.57</u></b>	<u>6669.32</u>

Short term loan from banks taken by the subsidiary is guaranteed by the parent company.

**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**
**Schedule 5 - Fixed Assets**

Description	GROSS BLOCK - AT COST					DEPRECIATION					NET BLOCK	
	Opening Balance As at 01.04.09	Additions	Foreign currency translation reserve	On deductions	Closing Balance As at 31.03.10	Opening Balance As at 01.04.09	For the year	Foreign currency translation reserve	On deductions	Closing Balance As at 31.03.10	As at 31.03.10	As at 31.03.09
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
<b>A. Tangible Assets</b>												
Freehold land	210.45	-	(4.62)	-	205.83	-	-	-	-	-	205.83	210.45
Leasehold land	178.05	-	-	0.63	177.42	7.99	1.96	-	0.13	9.82	167.60	170.06
Buildings and flats	4101.69	3.92	(15.47)	6.27	4083.87	1041.46	125.93	(1.54)	2.22	1163.63	2920.24	3060.23
Plant and machinery	29497.67	1078.13	(19.65)	-	30556.15	16674.30	1727.14	(0.83)	-	18400.61	12155.54	12823.37
Furniture, fixtures and equipment	1473.26	55.14	(1.52)	-	1526.88	929.87	85.45	(0.47)	-	1014.85	512.03	543.39
Electrical installations	942.42	18.27	(1.84)	-	958.85	453.32	43.21	(0.32)	-	496.21	462.64	489.10
Vehicles	448.14	82.32	-	39.61	490.85	209.21	37.28	-	27.95	218.54	272.31	238.93
Sub Total (A)	36851.68	1237.78	(43.10)	46.51	37999.85	19316.15	2020.97	(3.16)	30.30	21303.66	16696.19	17535.53
<b>B. Intangible Assets</b>												
Computer software	216.37	40.38	(0.27)	-	256.48	150.11	42.65	(0.05)	-	192.71	63.77	66.26
Sub Total (B)	216.37	40.38	(0.27)	-	256.48	150.11	42.65	(0.05)	-	192.71	63.77	66.26
Total (A) + (B)	37068.05	1278.16	(43.37)	46.51	38256.33	19466.26	2063.62	(3.21)	30.30	21496.37	16759.96	
Previous year	33969.56	2996.85	109.52	7.88	37068.05	17449.24	2019.64	4.86	7.48	19466.26		17601.79
Capital Work in Progress											50.91	114.57
Advances for capital expenditure											85.36	37.92
Per consolidated balance sheet											136.27	152.49
											16896.23	17754.28

**Notes:**

Buildings and flats include:

- Shares in respect of residential premises of a cost of Rs.2.25 lacs in a co-operative society which is in the process of being transferred in the name of the company.
- Cost of shares of an aggregate face value of Rs.1000 in various co-operative housing societies.

**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

	<b>As at 31.03.2010 Rs.lacs</b>	<b>As at 31.03.2009 Rs.lacs</b>
<b>Schedule 6 - Investments</b>		
Long term (at cost)		
A. Non-trade (unquoted)		
i) Shares	<b>1.00</b>	1.00
ii) Mutual fund	<b>5.00</b>	5.00
	<b>6.00</b>	6.00
B. Trade (quoted)		
i) Shares	<b>1.09</b>	1.09
Per consolidated balance sheet	<b>7.09</b>	7.09
Aggregate amount of quoted investments [market value Rs. 139.96 lacs (as at 31.03.2009: Rs. 70.96 lacs)]	<b>1.09</b>	1.09
Aggregate amount of unquoted investments	<b>6.00</b>	6.00
	<b>7.09</b>	7.09
<b>Schedule 7 - Inventories</b>		
(at lower of cost and net realisable value, as certified by the Managing Director)		
Stores and spare parts	<b>735.47</b>	577.85
Stock-in-trade		
Raw materials, bought out components and packing materials	<b>1973.94</b>	1965.34
Manufactured components	<b>750.56</b>	709.62
Work-in-progress	<b>1861.18</b>	1776.59
Finished goods	<b>3341.92</b>	4532.08
Per consolidated balance sheet	<b>8663.07</b>	9561.48
<b>Schedule 8 - Sundry debtors</b>		
Over six months		
Secured, considered good	<b>0.28</b>	2.70
Unsecured, considered good	<b>1068.57</b>	1163.80
Unsecured, considered doubtful	<b>524.89</b>	427.97
	<b>1593.74</b>	1594.47
Others		
Secured, considered good	<b>85.85</b>	40.33
Unsecured, considered good	<b>6305.99</b>	6220.05
Unsecured, considered doubtful	<b>4.21</b>	-
	<b>6396.05</b>	6260.38
Provision for doubtful debts	<b>7989.79</b>	7854.85
	<b>529.10</b>	427.97
Per consolidated balance sheet	<b>7460.69</b>	7426.88

**SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010 (contd.)**

	As at 31.03.2010 Rs.lacs	As at 31.03.2009 Rs.lacs
<b>Schedule 9 - Cash and bank balances</b>		
Cash on hand	5.11	5.58
Cheques on hand	135.43	287.46
With banks :		
On current accounts	398.55	145.33
On fixed deposit account	11.25	13.50
Per consolidated balance sheet	<u>550.34</u>	<u>451.87</u>
<b>Schedule 10 - Loans and advances</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	1247.08	983.36
Income taxes paid less provisions thereagainst (other than deferred tax)	477.81	399.33
Fringe benefit tax paid less provisions thereagainst	10.00	10.00
Balance with central excise	267.50	175.49
Per consolidated balance sheet	<u>2002.39</u>	<u>1568.18</u>
<b>Schedule 11 - Current liabilities</b>		
Sundry creditors		
- due to micro enterprises and small enterprises (see note 5 on schedule 20)	-	-
- due to others	5447.95	3480.19
	<u>5447.95</u>	3480.19
Security deposits	169.63	94.33
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 in relation to		
- unpaid dividends (not due)	13.72	13.30
Interest accrued but not due on loans	70.61	31.17
Book Overdraft	-	25.15
Per consolidated balance sheet	<u>5701.91</u>	<u>3644.14</u>
<b>Schedule 12 - Provisions</b>		
Taxation less payments there against (other than deferred tax)	189.40	57.97
Fringe benefit tax (net of payments)	8.50	8.50
Proposed dividend	969.23	775.38
Additional income-tax on distributed profits	161.40	132.40
Gratuity in respect of managing director	1.00	1.00
Compensated absences	341.18	276.12
Per consolidated balance sheet	<u>1670.71</u>	<u>1251.37</u>

**SCHEDULES 13 TO 18 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Year ended 31.03.2010 Rs.lacs	Year ended 31.03.2009 Rs.lacs
<b>Schedule 13 - Other income</b>		
Sale of scrap	<b>351.05</b>	423.05
Agency commission	<b>65.56</b>	59.12
Dividend from investments		
Trade - Long term	<b>1.42</b>	1.24
Other than trade - Long term	<b>1.50</b>	-
	<b>2.92</b>	1.24
Profit on sale of fixed assets (net)	<b>198.53</b>	0.10
Rent	<b>97.57</b>	71.07
Foreign exchange gain (net)	<b>184.42</b>	-
Miscellaneous	<b>15.49</b>	15.08
Per consolidated profit and loss account	<b>915.54</b>	569.66

**Schedule 14 - Increase/(Decrease) in stock of work-in-progress and finished goods**

Opening stocks:		
Manufactured components	<b>709.62</b>	605.31
Work-in-progress	<b>1776.59</b>	1924.61
Finished goods	<b>4532.08</b>	3234.72
	<b>7018.29</b>	5764.64
Closing stocks:		
Manufactured components	<b>750.56</b>	709.62
Work-in-progress	<b>1861.18</b>	1776.59
Finished goods	<b>3341.92</b>	4532.08
	<b>5953.66</b>	7018.29
Per consolidated profit and loss account	<b>(1064.63)</b>	1253.65

**SCHEDULES 13 TO 18 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010 (contd.)**

	Year ended 31.03.2010 Rs.lacs	Year ended 31.03.2009 Rs.lacs
<b>Schedule 15 - Employee costs</b>		
Salaries, wages and bonus	5508.56	4741.19
Gratuity	274.07	231.16
Company's contribution to provident fund and other funds	404.30	375.19
Staff welfare	720.40	617.10
Per consolidated profit and loss account	6907.33	5964.64
<b>Schedule 16 - Repairs</b>		
Plant and machinery	141.12	240.04
Buildings	118.35	188.58
Others	55.21	91.86
Per consolidated profit and loss account	314.68	520.48
<b>Schedule 17 - Other expenses</b>		
Insurance	55.87	64.49
Rent	16.38	20.90
Rates and taxes	47.80	76.48
Legal and professional fees	206.47	232.73
Directors' fees	3.13	3.17
Commission on sales	233.42	155.95
Travelling and conveyance	461.76	475.40
Postage, telephone and fax	98.86	97.74
Bank charges	157.73	89.69
Cash discount on sales	74.99	25.42
Advertisement and publicity	104.95	82.70
Forwarding charges	697.19	651.16
Bad debts written off	13.04	-
Provision for doubtful debts	101.13	120.70
Lease rent	36.77	48.85
IT expenses	184.20	93.02
Excise duty on increase in stock of finished goods	(62.68)	(92.17)
Foreign exchange loss	-	984.58
Miscellaneous	605.24	567.01
Per consolidated profit and loss account	3036.25	3697.82
<b>Schedule 18 - Interest</b>		
On fixed loans	544.53	692.24
On others	345.93	280.23
Per consolidated profit and loss account	890.46	972.47

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**Schedule 19 - Significant accounting policies annexed to and forming part of the consolidated balance sheet as at 31st March, 2010 and the consolidated profit and loss account for the year ended on that date**

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**1. Basis of preparation**

The consolidated financial statements are prepared under historical cost convention on an accrual basis and are in accordance with Accounting Standard 21 – “Consolidated Financial Statements” and Accounting Standard 27 – “Financial Reporting of Interests in Joint Ventures”.

**2. Use of estimates**

The preparation of the consolidated financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialized.

**3. Fixed assets and depreciation**

(a) All fixed assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use less accumulated depreciation.

(b) Depreciation for the year has been provided on the straight line method, in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956, except that leasehold land is amortized over the period of the lease and computer software is amortized over a period of 36 months, except in respect of NRB Bearings (Thailand) Limited where depreciation for the year has been provided on straight line method over the estimated useful life of the assets concerned as follows :

Building & Building improvement	30 years
Land improvement	10 years
Machinery	20 years
Electrical installation	10 years
Others	5 years

(c) Also see Note 12 below.

**4. Impairment**

The carrying amounts of assets are reviewed at each consolidated balance sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

**5. Foreign currency transactions**

(a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. In respect of monetary items denominated in foreign currencies, exchange differences arising out of settlement or on conversion at the closing rate are recognized in the consolidated profit and loss account. Exchange differences arising on long term foreign currency monetary items relating to acquisition of depreciable capital assets, are adjusted to the carrying amount of fixed assets.

(b) Swap transactions are entered by the group to hedge its exposure against movements in foreign exchange rates and interest rates.

(c) Gains/losses arising on swap transactions are recognized in the profit and loss account.

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**Schedule 19 - Significant accounting policies annexed to and forming part of the consolidated balance sheet as at 31st March, 2010 and the consolidated profit and loss account for the year ended on that date (Contd.)**

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**6. Investments**

Long-term investments are stated at cost less provision for diminution in the value of investments, if any. Current investments are stated at lower of cost and fair value.

**7. Inventories**

Stores and spare parts and stock-in-trade comprising of raw materials, bought out components & packing materials, manufactured components, work-in-progress and finished goods are valued at the lower of cost and net realisable value. Material costs included in the valuation of stock-in-trade are determined on the basis of weighted average method. Costs of conversion and other costs are determined on the basis of standard cost method adjusted for variances between standard costs and actual costs, unless such costs are specifically identifiable, in which case they are included in the valuation at actuals.

**8. Sales**

- (a) Sales are recognized in accordance with Accounting Standard 9 viz. when the seller has transferred to the buyer, the property in the goods, for a price, or all significant risk and rewards of ownership have been transferred to the buyer without the seller retaining any effective control over the goods.
- (b) Sales are inclusive of excise duty and are net of sales returns.

**9. Employee benefits**

- (a) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (b) Long term benefits:

- (i) Defined Contribution Plans

- 1. Provident and Family Pension Fund :

The eligible employees of the group are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the group make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to the Regional Provident Fund Commissioner or Provident Fund Trust as applicable and the Central Provident Fund under the State Pension Scheme. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the group has no further obligations beyond making the contribution.

- 2. Superannuation :

The eligible employees of the group are entitled to receive post employment benefits in respect of superannuation scheme, in which the group makes quarterly contributions at 15% of employees' eligible salary. The contributions are made to insurance companies on behalf of the trust managed by the group. Superannuation scheme is classified as Defined Contribution Plan as the Group has no further obligations beyond making the contribution.

The Group's contributions to Defined Contribution Plans are charged to profit and loss account as incurred.

- (ii) Defined Benefit Plans / Other Employee Benefits :

- 1. Gratuity :

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death



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**Schedule 19 - Significant accounting policies annexed to and forming part of the consolidated balance sheet as at 31st March, 2010 and the consolidated profit and loss account for the year ended on that date (Contd.)**

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while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Group has arrangements with insurance companies for future payments of gratuities on behalf of the trusts established for this purpose. The Group accounts for gratuity benefits payable in future based on an independent actuarial valuation as at the year end. Actuarial gains and losses are recognised in the profit and loss account.

2. Compensated absences :

The Group provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation as at the year end. Actuarial gains and losses are recognised in the profit and loss account.

**10. Voluntary Retirement Compensation**

Voluntary Retirement Compensation is fully expensed in the year in which the liability is incurred.

**11. Research and development expenditure**

Capital expenditure on research and development is treated in the same way as other fixed assets. Revenue expenditure is written off in the year in which it is incurred.

**12. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

**13. Operating Lease**

Assets taken on lease under which, all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

**15. Taxation**

Taxation expenses comprise current tax, deferred tax and fringe benefit tax.

- (a) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.
- (b) Deferred tax is recognized on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- (c) Fringe benefit tax is the amount of tax payable on the value of benefits provided to employees for the year as determined in accordance with the provisions of the Income-tax Act, 1961.

**16. Contingent Liabilities**

Contingent liabilities are disclosed in the notes on accounts. Provision is made in the accounts if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

**Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2010 and the consolidated profit and loss account for the year ended on that date**

- 1 (a) These consolidated financial statements comprise the consolidation of the financial statements of NRB Bearings Limited, the parent company and the financial statements of SNL Bearings Limited, a subsidiary incorporated in India (extent of shareholding – 68.78%), NRB Bearings (Thailand) Limited, a subsidiary incorporated in Thailand (extent of shareholding – 100%) and Schneeberger India Private Limited, a joint venture of the company incorporated in India (extent of shareholding – 45%), together referred to as 'the group'.
- (b) The consolidated financial statements include, in respect of NRB Bearings (Thailand) Limited, total assets of Rs.1542.38 lacs as at 31st March, 2010 (as at 31.03.09: Rs. 1400.96 lacs) and total revenues of Rs.328.33 lacs (for the year ended 31.03.09: Rs. 0.83 lacs) and net cash inflows of Rs. 55.58 lacs (for the year ended 31.03.09: Rs. 5.85 lacs) for the year ended on that date, derived from the audited financial statements as provided by the management of the subsidiary.
- (c) In case of the foreign subsidiary, namely, NRB Bearings (Thailand) Limited, revenue items are converted at the average exchange rate prevailing during the period. All assets and liabilities are converted at the exchange rate prevailing as at the end of the year. Exchange difference arising on consolidation is recognized as Foreign Currency Translation Reserve.

	<b>As at 31.03.2010 Rs. lacs</b>	As at 31.03.2009 Rs.lacs
<b>2. Contingent liabilities not provided for:</b>		
a) Income-tax	<b>378.92</b>	60.25
b) Excise duty/service tax matters	-	14.70
c) Sales tax	<b>123.76</b>	52.70
d) Customs duty	<b>158.87</b>	158.87
e) Bank guarantees	<b>13.15</b>	8.00
f) Corporate guarantees issued, in favour of banks for overdraft facilities availed by subsidiary companies	<b>1770.28</b>	1973.56

The group is in further appeal in respect of matters stated in a) to d) above.

- g) The Indian subsidiary had received an Order dated 6th September, 2004 from the Employees Provident Fund Organisation raising a demand of Rs.161.36 lacs including interest of Rs.46.73 lacs for default in making payment of Employees Provident Fund and allied dues for the period April, 1986 to February, 2003. The Indian subsidiary has been making contributions to the 'SNL Officers Provident Fund Trust' and 'SNL Employee's Provident Fund Trust', being Trusts formed by the Indian subsidiary in earlier years; these Trusts have net assets of Rs.91.23 lacs and Rs.48.19 lacs respectively as at 31st March, 2009 as reflected in their audited balance sheets. As per the order, the existence of the said Trusts and the act of switching over from Employees' trust to the Officers' trust on salary exceeding the statutory limit fixed by the Employees Provident Fund and Miscellaneous Act, 1952, have been considered violative of the Act. The authorities had attached one of the bank accounts of the Indian subsidiary and had recovered an amount of Rs.2.75 lacs in an earlier year. The Indian subsidiary has contested the above demand and on a writ petition filed by the Indian subsidiary in the High Court of Jharkhand, Ranchi, the High Court has directed the authorities not to take coercive steps till the disposal of the petition. The Indian subsidiary denies all the allegations made against it since the Indian subsidiary had made the necessary applications to grant exemption to the Trusts which was neither granted nor rejected

**Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2010 and the consolidated profit and loss account for the year ended on that date (Contd.)**

in spite of several reminders from time to time. In view of the facts of the case, the group does not expect any liability in this regard.

- h) Provident fund and other matters in respect of workers: Rs. 5.05 lacs (as at 31.03.2009: Rs. 5.05 lacs)

	<b>As at 31.03.2010 Rs.lacs</b>	As at 31.03.2009 Rs.lacs
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>625.77</b>	1542.17
	<b>Year ended 31.03.2010 Rs.lacs</b>	Year ended 31.03.2009 Rs.lacs

4. a) **The amount of exchange differences (net):**

- |  |                 |        |
|--|-----------------|--------|
| i) (credited)/debited to the consolidated profit and loss account is | <b>(184.42)</b> | 984.58 |
| ii) added to/(deducted from) carrying amount of fixed assets is      | <b>(153.01)</b> | 555.14 |

- b) Pursuant to the option available under the Companies (Accounting Standards) Amendment Rules, 2009, the group had with effect from 1st April, 2007 changed its accounting policy wherein exchange differences arising on long term foreign currency monetary items relating to acquisition of depreciable capital asset has been added to or deducted from the cost of the asset and depreciated over its balance useful life. This had in the previous year resulted in reduction in general reserve by Rs.130.66 lacs (net of deferred tax Rs.67.21 lacs).

5. There are no amounts due to the suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006; this information takes into account only those suppliers who have responded to the enquiries made by the Group for this purpose. This has been relied upon by the auditors.

6. **Expenditure on Research and Development:**

	<b>Year ended 31.03.2010 Rs.lacs</b>	Year ended 31.03.2009 Rs.lacs
a) charged to the profit and loss account	<b>283.53</b>	251.11
b) capitalized to fixed assets	<b>35.10</b>	44.72

7. As the group's activity falls within a single segment viz. bearings and the sales substantially being in the domestic market, the disclosure requirements of Accounting Standard 17 "Segment Reporting" is not applicable.

8. **Related party disclosures**

i) **Names of related parties and nature of relationship where control exists**

Mr. T. S. Sahney, Chairman and Managing Director – individual having substantial interest in voting power and the power to direct by agreement, the financial and operating policies of the parent company.

**Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2010 and the consolidated profit and loss account for the year ended on that date (Contd.)**

**ii) Transactions with related parties**

<b>Name of the related party and description of relationship</b>	<b>Nature of transaction</b>	<b>Volume of transactions Rs.lacs</b>	<b>Receivable As at 31.03.10 Rs.lacs</b>	<b>Payable As at 31.03.10 Rs.lacs</b>
<b>Key management personnel</b>				
- Mr. T. S. Sahney [also the individual referred in (i) above]	Remuneration	<b>127.85</b> (82.21)	}	<b>70.10</b> (-)
- Ms. H. S. Zaveri –Whole-time Director (also director in subsidiary companies)	Remuneration and Director fees	<b>92.13</b> (73.01)		
- Mr. D. S. Sahney-Whole-time Director (also director in subsidiary companies)	Remuneration	<b>61.82</b> (52.14)		
Directors of subsidiary companies:				
- Mr. M. N. Hoda	Directors fees	<b>0.20</b> (0.15)		
- Mr. S. C. Rangani		<b>0.10</b> (0.10)		
- Mr. J. S. Maini		<b>0.15</b> (0.15)		
- Mr. V. S. Iyer		<b>0.38</b> (0.35)		
- Mr. A S Kohli	Remuneration	<b>18.45</b> (20.52)		
<b>New Indo Trading Co.</b> a firm where the individual referred in (i) above is a partner	Service charges paid	<b>2.87</b> (4.20)	<b>-</b> (-)	<b>0.77</b> (-)

- Notes: i) Figures in brackets are in respect of previous year.
- ii) No amounts pertaining to related parties have been provided for as doubtful debts. Further, no amounts have been written off or written back during the year.
- iii) Dividend paid has not been considered by the group as a transaction falling under the purview of Accounting Standard 18 "Related Party Disclosures".
9. The group has taken factory land and certain plant and machinery on operating lease. Lease rentals charged to the profit and loss account for the year ended 31st March, 2010 aggregated Rs.36.76 lacs (for the year ended 31.03.2009: Rs. 48.85 lacs). The minimum lease payments to be made in future as at the year end are as follows:

**Rs. lacs**

- (i) For a period not later than one year **39.88**  
(33.29)
- (ii) For a period later than one year and not later than five years **49.29**  
(63.85)
- (iii) For a period later than five years **-**  
(-)

Figures in brackets are in respect of the previous year

**Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2010 and the consolidated profit and loss account for the year ended on that date (Contd.)**

**10. Values used in calculating Earnings Per Share**

	<b>Year ended 31.03.2010</b>	Year ended 31.03.2009
(a) Numerator: Profit after tax (Rs.in lacs)	<b>2,173.15</b>	293.69
(b) Denominator: Number of Equity shares	<b>484,61,300</b>	484,61,300

**11. Components of deferred tax:**

Rs.lacs

Nature of timing difference	Deferred tax asset/(liability) As at 31.03.2009	Credit/(Charge) for the year	Deferred tax asset/(liability) As at 31.03.2010
<b>(a) Deferred tax liability</b>			
Depreciation	(1568.67)	<b>(68.53)</b>	<b>(1,637.20)</b>
Sub – total	(1568.67)	<b>(68.53)</b>	<b>(1,637.20)</b>
<b>(b) Deferred tax asset</b>			
Provision for doubtful debts	145.47	<b>34.37</b>	<b>179.84</b>
Provision for compensated absences	93.85	<b>22.12</b>	<b>115.97</b>
Preliminary Expenses	0.02	<b>(0.02)</b>	-
Carry forward business loss *	73.48	<b>(12.02)</b>	<b>61.46</b>
Sub – total	312.82	<b>44.45</b>	<b>357.27</b>
Net amount	(1,255.85)	<b>(24.08)</b>	<b>(1,279.93)</b>

\*recognised to the extent of balance in deferred tax liability in respect of the Indian subsidiary company

	<b>Year ended 31.03.2010 Rs. lacs</b>	Year ended 31.03.2009 Rs. lacs
<b>12. Directors' remuneration* (See not below)</b>		
Whole-time directors		
Salary	<b>121.65</b>	123.72
Commission	<b>70.10</b>	-
Contribution to provident fund and other funds	<b>23.90</b>	21.12
Other perquisites	<b>84.30</b>	82.71
	<b>299.95</b>	227.55
Non Whole-time directors		
Directors' fees	<b>3.13</b>	3.17
Commission	<b>5.00</b>	1.50
*excluding gratuity contributed and compensatory absences provided, on a global basis	<b>308.08</b>	232.22

Note: Consequent to inadequacy of profits in the previous year, remuneration paid to Managing Director and a Whole-time Director was in excess of the limit specified in Section 198 read with Schedule XIII of the Companies Act 1956. The excess remuneration of Rs. 44.26 lacs is pending approval of the Central Government.

**Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2010 and the consolidated profit and loss account for the year ended on that date (Contd.)**

	<b>Year ended 31.03.2010 Rs. lacs</b>	Year ended 31.03.2009 Rs. lacs
<b>13. Details of Auditors' remuneration:</b> (excluding service tax)		
Audit fees	<b>22.02</b>	18.15
Report under section 44AB of the Income-tax Act, 1961	<b>2.60</b>	2.60
Taxation matters	<b>0.84</b>	3.98
Other services	<b>11.60</b>	15.80
Reimbursement of expenses	<b>0.40</b>	0.58

**14. Financial and Derivative Instruments**

- i) Forward Exchange Contracts entered into by the Group that are outstanding as at 31st March, 2010.

<b>Currency</b>	<b>Amount in foreign currency</b>	<b>Buy/Sell</b>	<b>Cross Currency</b>
USD	<b>86,000</b> (1,405,000)	<b>Buy</b> (Buy)	<b>INR</b> (INR)
JPY	- (10,000,000)	- (Buy)	- (INR)
JPY	<b>117,561,326</b> (18,247,932)	<b>Buy</b> (Buy)	<b>USD</b> (USD)
EURO	- (25,000)	- (Buy)	- (USD)

These Forward Foreign Exchange Contracts are entered into for hedging purposes and not for speculation purposes.

- ii) Swap transaction to hedge against fluctuations in exchange rates:

No. of contracts	:	<b>2</b> (2)
Principal amount in US Dollars	:	<b>788,164</b> (1,470,048)
Equivalent rupees at year end rate (Rs. lacs)	:	<b>382.26</b> (702.07)
Principal amount in Yen (cross currency hedge in US Dollars)	:	<b>335,760,324</b> (413,243,475)
Equivalent dollars at year end rate	:	<b>3,152,679</b> (3,880,220)

**Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2010 and the consolidated profit and loss account for the year ended on that date (Contd.)**

iii) Foreign currency exposures that have not been hedged by a derivative instrument or otherwise outstanding as at 31.03.2010:

a) Amounts receivable in foreign currency :

<u>Purpose</u>	<u>Currency</u>	<u>Amount</u>	<u>Equivalent Rs. lacs as at the year end</u>
Export of goods	USD	<b>1,761,911</b> (599,745)	<b>791.41</b> (304.07)
	EURO	<b>1,653,527</b> (2,491,920)	<b>1,003.56</b> (1,667.91)
	CHF	<b>5,812</b> (5,985)	<b>2.47</b> (2.66)
	GBP	<b>16,578</b> (22,313)	<b>11.30</b> (16.16)

b) Amounts payable in foreign currency :

<u>Purpose</u>	<u>Currency</u>	<u>Amount</u>	<u>Equivalent Rs.lacs as at the year end</u>
Import of goods	JPY	<b>24,520,667</b> (47,013,938)	<b>118.48</b> (248.33)
	EURO	<b>696,326</b> (325,752)	<b>422.54</b> (210.98)
	USD	11,316,487 (-)	<b>591.10</b> (-)
	CHF	<b>3,589</b> (34,776)	<b>1.53</b> (15.36)
	JPY	<b>80,756,882</b> (-)	<b>390.22</b> (-)
Capital Imports	GBP	<b>21,750</b> (-)	<b>14.83</b> (-)
	USD	<b>2,278,515</b> (5,667,556)	<b>1,023.05</b> (2,874.58)
Loans payable	USD	<b>2,278,515</b> (5,667,556)	<b>1,023.05</b> (2,874.58)
Interest payable	JPY	- (4,687,200)	- 25.38

iv) Figures in brackets are the corresponding figures in respect of the previous year.

**Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2010 and the consolidated profit and loss account for the year ended on that date (Contd.)**

**15. Employee Benefits :**

1. Defined Contribution plans :

Contributions to Defined Contribution Plan, recognized in the statement of profit and loss account under employee cost, in schedule 15 for the year are as under:

	<b>Year ended 31.03.2010 Rs.in lacs</b>	<b>Year ended 31.03.2009 Rs.in lacs</b>
i) Employer's Contribution to Provident Fund	<b>177.41</b>	146.96
ii) Employer's Contribution to Family Pension Fund	<b>94.98</b>	106.80
iii) Employer's Contribution to Superannuation Fund	<b>89.90</b>	65.72

2. Defined Benefit plan:

a) Gratuity – as per actuarial valuation as at the year end (based on Projected Unit Benefit Method)

<b>Sr. No.</b>	<b>Particulars</b>	<b>As at 31st March, 2010 Rs. In lacs</b>	<b>As at 31st March, 2009 Rs. In lacs</b>
i)	Components of employer expenses		
a)	Current Service cost	<b>57.91</b>	42.62
b)	Interest cost	<b>79.17</b>	67.27
c)	Expected return on plan assets	<b>(86.78)</b>	(81.34)
d)	Actuarial Losses/(Gains)	<b>68.45</b>	202.61
e)	Past Service cost - Vested Benefit	<b>155.32</b>	-
	<b>Total expenses recognised in Profit and Loss Account</b>	<b>274.07</b>	231.16
ii)	Actual Contribution and Benefit Payments for year		
a)	Actual benefit payments	<b>82.01</b>	63.99
b)	Actual Contributions	<b>159.13</b>	255.67
iii)	Change in Defined Benefit Obligations (DBO) during the year		
a)	Present Value of DBO at the beginning of the year	<b>974.77</b>	825.83
b)	Current Service cost	<b>57.91</b>	42.62
c)	Past Service cost-Vested Benefit	<b>155.32</b>	-
d)	Interest cost	<b>79.17</b>	67.27
e)	Actuarial Losses/(Gains)	<b>130.89</b>	103.04
f)	Benefits paid	<b>(82.01)</b>	(63.99)
	<b>Present Value of DBO at the end of year</b>	<b>1,316.05</b>	974.77
iv)	Change in Fair Value of Assets during the year		
a)	Plan assets at beginning of year	<b>966.64</b>	793.19
b)	Expected return on plan assets	<b>86.78</b>	81.34
c)	Actuarial (Losses)/ Gains	<b>62.44</b>	(99.57)
d)	Actual Group contributions	<b>159.13</b>	255.67
e)	Fair Value of benefits paid	<b>(82.01)</b>	(63.99)
	<b>Fair value of plan assets at the end of year</b>	<b>1,192.98</b>	966.64
v)	Contribution expected to be paid next year	<b>60.35</b>	69.69
vi)	Actuarial Assumptions		
a)	Discount Rate	<b>8.00%- 8.25%</b>	8.00%- 8.50%
b)	Expected rate of return on Plan assets	<b>8.00%</b>	8.00%
c)	Salary escalation	<b>3% - 4%</b>	3% - 4%
d)	Mortality Table	<b>LIC (1994-96)</b>	LIC (1994-96)
vii)	Major Categories of plan assets - Insurer Managed Funds	<b>100%</b>	100%



**Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2010 and the consolidated profit and loss account for the year ended on that date (Contd.)**

<b>Sr No.</b>	<b>Particulars</b>	<b>As at 31st March, 2010</b>	<b>As at 31st March, 2009</b>	<b>As at 31st March, 2008</b>
iii)	Net asset/(liability) recognised in balance sheet			
	a) Defined Benefit Obligation	<b>(1,316.05)</b>	(974.76)	(825.83)
	b) Fair Value of Plan Assets	<b>1,192.98</b>	966.64	789.71
	<b>c) Net asset/(liability) recognised in balance sheet</b>	<b>(123.07)</b>	(8.12)	(36.12)
	d) Experience adjustment arising on :			
	1) Plan Liabilities [ Losses / (Gains) ]	<b>121.82</b>	103.03	73.92
	2) Plan Assets [ Losses / (Gains) ]	<b>(70.80)</b>	99.57	5.88

Notes: i) Accounting Standard 15 (Revised 2005) "Employee Benefits" requires the disclosure of the information mentioned under 2(a)(iii) above related to 'Net Asset / (Liability) recognized in balance sheet' for the past four years; however the information is available only for past two year since the date of implementation of the Standard.

ii) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

iii) The assumption of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

b) Compensated Expenses recognized in the statement of profit and loss account under employee cost, in schedule 15 is Rs.112.86 lacs (for the year ended 31.03.2009 : Rs. 62.69 lacs.)

16. With effect from 1st April, 2009. NRB Bearings (Thailand) Limited has revised the estimated useful life of its assets by extending the same with prospective effect (For revised rates refer note 3(b) of Schedule (19). This change has resulted in decrease in depreciation change for the year by Rs. 43.67 lacs (Baht 3.1 million).

17. The parent Company has entered into a joint venture agreement with Schneeberger Holding AG, Switzerland to act as its exclusive agent in India and has formed a joint venture company with effect from 15th February, 2008 for which parent company has contributed towards its share capital on 14th May, 2008. The proportionate share in assets, liabilities, income & expenditure of the joint venture company as on 31st, December 2009 is given below :

<b>Name of The Joint venture company</b>	<b>Percentage of holding</b>	<b>Assets</b>	<b>Liabilities</b>	<b>(Rupees in Lacs)</b>	
				<b>Income</b>	<b>Expenditure</b>
Schneeberger India Private	45%	15.72	# 3.45	17.43	12.37
Limited (incorporated in India)	(45%)	(19.39)	(# 7.64)	(15.91)	(8.56)

There are no capital commitment nor contingent liabilities.

Figures in brackets are the corresponding figures in respect of the previous years.

# net after deducting shareholders' funds

**Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2010  
and the consolidated profit and loss account for the year ended on that date (Contd.)**

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18. Previous year's figures have been regrouped wherever necessary.

Signature to Schedule 1 to 20

For and on behalf of the Board of Directors

**For A. F. FERGUSON & CO.**  
Chartered Accountants

**T. S. Sahney**  
Managing Director

**K. M. Elavia      K. S. Pant**

**Jyotsna. S**  
Chief Financial Officer

**H. S. Zaveri      A. N. Desai**

**A. C. KHANNA**  
Partner

**S. C. Rangani**  
Sr. V P & Company Secretary

**D. S. Sahney**  
Directors

Mumbai: May 24, 2010

Mumbai : May 24, 2010

# NRB BEARINGS LIMITED

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

## ADMISSION SLIP

I hereby record my presence at the 45<sup>th</sup> Annual General Meeting of members of the Company held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on 4th August, 2010 at 11.00 a.m.

DP Id*	
Client Id*	

Folio No.	
No. of shares	

Name of Member/Proxy .....  
(who will attend the meeting)

Signature of Member/Proxy .....  
(who will attend the meeting)

1. Please complete and hand over the slip at the entrance.
2. Please quote FOLIO NUMBER clearly.

\* Applicable for investors holding shares in electronic form

TEAR HERE

# NRB BEARINGS LIMITED

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

## PROXY FORM

I/We .....  
of .....  
in the district of..... being member(s) of NRB BEARINGS LIMITED, hereby appoint  
Shri/Smt./Miss .....  
of .....  
in the district of.....  
or failing him/her Shri/Smt./Miss.....  
of .....  
in the district of.....

as my/our proxy to attend and vote for me/us on my/our behalf at the 45<sup>th</sup> Annual General Meeting of members of the Company held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on 4th August, 2010 at 11.00 a.m

Name .....

Signed on ..... at .....

Affix  
revenue  
stamp

DP Id*	
Client Id*	

Folio No.	
No. of shares	

Address .....  
.....

Signature .....

\* Applicable for investors holding shares in electronic form

- Notes:**
1. The proxy need NOT be a member.
  2. THE PROXY FORM, DULY SIGNED ACROSS A REVENUE STAMP SHOULD REACH THE COMPANY'S CORPORATE OFFICE AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
  3. The proxy form should be filled in completely including 'Folio No.' and 'Address'.

**Extract under the provisions of Section 302 of the Companies Act, 1956 relating to revision in remuneration of Wholetime Directors.**

The Members  
NRB Bearings Ltd

At the meeting of the Board of Directors of the Company held on 24th May, 2010, the terms of remuneration payable to Ms. Harshbeena S Zaveri-President and Mr. Devesh Singh Sahney, Director-Strategic Sourcing, Whole-time Directors of the Company, were modified. In compliance with the provisions of Section 302 of the Companies Act, 1956, an abstract of the terms of modification together with Memorandum of Interest is set out below:

The overall existing and proposed new limits on remuneration payable to the Whole-time directors are as under:

Name	Date of general meeting approving the current limits	Period of existing contract	Existing limits approved by the shareholders/modified by Board of Directors (per annum)		New limits effective 1st April, 2010 for the remainder of tenure (per annum)	
			Remuneration*	Perquisites**	Remuneration*	Perquisites**
H S Zaveri	12th August, 2009	01.04.2009-31.03.2014	Rs. 57,30,000	Rs. 21,96,500	Rs.68,76,000	Rs.26,18,400
D S Sahney	11th August, 2005	25.05.2006-31.03.2011	Rs. 40,08,000	Rs. 10,70,000	Rs.48,36,960	Rs.12,91,200

\*Remuneration includes basic pay, commission and allowances.

\*\*Perquisites include HRA, LTA, club fees and personal accident insurance premium.

Medical expenses for self, spouse and dependant children, telephone and flat electricity expenses at residence and all expenses of company provided car with driver are reimbursed at actuals.

PF, Superannuation : As per the scheme applicable to senior management employees of the company.

The aforesaid limits on remuneration shall be within the limits laid down in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the said Act. All other terms and conditions of appointment of the above referred managerial personnel as per the existing contracts approved by the shareholders shall remain unchanged.

**Memorandum of Interest**

Each of Ms. H S Zaveri and Mr. D S Sahney, and Mr. T S Sahney, father of the above referred managerial personnel respectively, are interested in the variation of contracts concerning their remuneration. No other Director is concerned or interested.

**For NRB Bearings Ltd**

Mumbai : May 24, 2010

**S C Rangani**  
**Company Secretary**

# NRB BEARINGS LTD.

## FINANCIAL HIGHLIGHTS

(Figs.: Rs. in lacs)

Year ended	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10
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### OPERATING RESULTS

Sales (net)	25464.15	30310.81	32142.37	28842.26	34660.52
Operating profit	6547.12	7574.11	6980.46	2855.53	5669.46
Depreciation	1280.79	1582.62	1796.84	1939.47	1954.50
Profit before tax	5266.33	5991.49	5183.62	916.06	3714.96
Tax (net)	1864.79	2015.25	1832.37	489.74	1274.07
Profit after tax	3401.54	3976.24	3351.25	426.32	2440.89
Dividend	1211.54	1405.38	1163.07	775.38	969.23
Tax on dividend	169.92	215.82	197.66	131.78	160.97
Earnings per share of Rs.2/- each (Rs.)	7.02	8.20	6.92	0.88	5.04
Dividend %	125.00	145.00	120.00	80.00	100.00

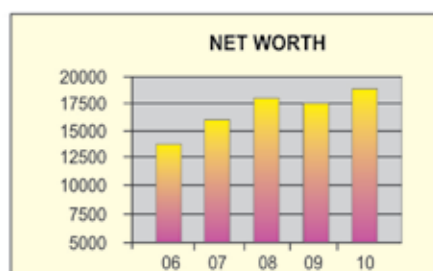
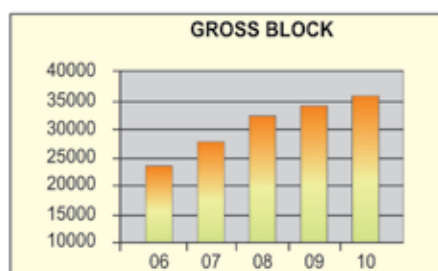
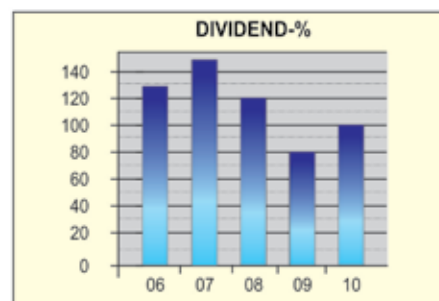
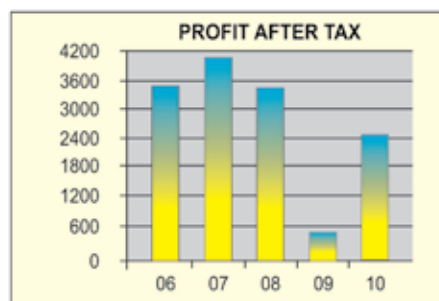
### SOURCES AND APPLICATION OF FUNDS

#### SOURCES OF FUNDS

Shareholders' funds	13716.27	16071.31	18061.83	17450.33	18761.02
Loans	7518.50	9120.04	10792.15	12982.59	8095.16
Deferred tax	918.54	1096.00	1193.37	1255.83	1279.90
Total funds employed	22153.31	26287.35	30047.35	31688.75	28136.08

#### APPLICATION OF FUNDS

Fixed Assets (gross)	23252.55	27078.63	32196.62	34215.19	35378.08
Depreciation	12748.32	14327.33	16124.17	18063.64	19998.76
Fixed Assets (net)	10504.23	12751.30	16072.45	16151.55	15379.32
Investments	1582.68	1337.59	1781.45	1792.70	1792.70
Net current assets	10066.40	12198.46	12193.45	13744.50	10964.06
Total assets employed	22153.31	26287.35	30047.35	31688.75	28136.08





*Pantnagar*



*Jalna*



*Hyderabad*



*Thane*



*Chikalthana*



*Waluj*

**NRB BEARINGS LIMITED**

REGD. OFFICE: DHANNUR, 15, SIR P.M. ROAD, FORT, MUMBAI 400 001.