

NRB
BEARINGS

NRB. A MOVEMENT. A REVOLUTION.



ANNUAL REPORT

2010-2011

Directors	:	T. S. Sahney, Executive Chairman Dr. P. D. Ojha Dr. (Ms) K. S. Pant (Ms) H. S. Zaveri – Managing Director & President K. M. Elavia D. S. Sahney A. N. Desai
Company Secretary		S. C. Rangani Tel No. 022-22664160/4998
Bankers	:	BNP Paribas Citibank N.A. Canara Bank Axis Bank Ltd.
Auditors	:	Deloitte Haskins & Sells
Solicitors	:	Wadia Ghandy & Co.
Registered Office	:	Dhannur, 15 Sir. P M Road, Fort, Mumbai 400 001. Tel. : 022-2266 4160 / 2266 4998 Fax :022-2266 0412
Works	:	Pokhran Road No.2, Majiwade, Thane-400 606. E-40, M.I.D.C. Industrial Area, Chikalthana, Aurangabad-431 010. C-6, Additional M.I.D.C. Industrial Area, Jalna-431 203 E-72, (I) & (II) M.I.D.C., Waluj, Aurangabad-431 133 A-5, Uppal Industrial Estate, Hyderabad-500 039 Plot No.33, Sector – II, SIDCUL IIE Panthnagar, Udhamsingh Nagar, Uttarakhand-263 153.
Registrar & Share Transfer Agent	:	Universal Capital Securities Pvt.td. (Formerly known as M/s.Mondkar Computers Pvt.Ltd.) 21, Shakil Niwas, Mahakali Caves Road Andheri (East), Mumbai 400 093 Tel: 022-2836 66 20, 28207203-05 Fax: 022-2836 9704, 28207207

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AGM NOTICE

The Members,
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 46th 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 27th July, 2011, at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Accounts, Balance Sheet, Cash Flow Statements for the year ended 31st March, 2011 and the reports of the Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st March, 2011.
3. To appoint a Director in place of Dr.(Ms) Kala S Pant who retires by rotation and is eligible for re-appointment.
4. To 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, on such remuneration plus out-of-pocket expenses, as may be mutually agreed upon between the Board of Directors and the Auditors."

SPECIAL BUSINESS

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

Re-appointment of Wholetime Director Mr.D S Sahney

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, and 309, and other applicable provisions, if any, of the Act read with Schedule XIII to the Act, as amended from time to time (including any statutory modification or re-enactment thereof, for the time being in force), subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to the re-appointment of Mr. D S Sahney as Whole time director of the Company for a further period of five years from April 01, 2011 to March 31, 2016, on the following broad terms and conditions:

- (a) Basic Remuneration - Rs.3,00,000 in the grade of Rs.2,00,000 - Rs.5,00,000. Annual increments effective 1st April each year to be decided by the Board and will be merit based and take into account the Company's performance

Cash allowances

Education allowance -Rs.20,000/-p.m

Other allowances -Rs.18000/-p.m

- (b) 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 no accommodation is provided by the Company house rent allowance subject to a ceiling of 40% of the monthly basic salary.

- (ii) The expenditure incurred by the company on providing electricity 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.75,000-p.a.
- (iv) Reimbursement of Medical Expenses
Reimbursement of medical expenses for self and family.
- (v) Medical/Accident Insurance
As per rules of the company.
- (vi) Club fees
Reimbursement of membership fees for upto 2 clubs not exceeding Rs. 50,000/p.a.
- (vii) Provision of car with driver and telephone at residence will not be considered as perquisites.
- (viii) 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.
- (ix) Commission - Such remuneration by way of Commission at the rate of 1% for each financial year, in addition to the above salary and perquisites calculated with reference to the net profit of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act, and limited to half year's basic salary will be payable to the Whole time Director for the relevant financial year.

"RESOLVED FURTHER THAT, in the event that during the currency of the tenure of Mr. Devesh S Sahney as the Whole Time 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 Mr. Devesh S Sahney without any requirement of Mr. Devesh 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, in the event of absence or inadequacy of profits in the Company as set out above, any one of Ms.H S Zaveri, Managing Director & President or Mr. S C Rangani, Company Secretary be and are severally authorized to seek approval of the Central Government in terms of the provisions of Section 309 of the Act, if required, for waiver of the requirement of refunding by Mr.Devesh S Sahney of such excess monies to the Company."

"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 one of Ms.H S Zaveri, Managing Director & President or Mr.S C Rangani, 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."

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

Payment of commission to Non-Executive Directors

"RESOLVED THAT in accordance with the provisions of Section 309(4) and other applicable provisions, if any, of the Companies Act, 1956, in accordance with clause 49 of the Listing Agreement and Article

116(3)(b) of the Articles of Association of the Company, the Directors (excluding the Managing Director, the Whole-time Directors) be paid for the period commencing from April 1, 2010 to March 31, 2015, a yearly commission (to be divided amongst them in such manner as the Board of Directors may from time to time determine) of such amount as may be determined by the Board of Directors and not exceeding an amount equal to 0.125% of the net profits of the company and that the net profits of the company shall be computed in the manner prescribed under Section 198(1) of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of directors be and is hereby authorized to take such steps, as may be necessary, desirable or expedient to give effect to the resolution."

By Order of the Board

S C Rangani
Secretary

May 30, 2011

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 18th July, 2011 to 27th July, 2011 (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 16th July, 2011.

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 16th July, 2011.

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 Universal Capital Securities Pvt. Ltd. (Formerly known as M/s. Mondkar Computers Pvt. Ltd.) 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093 before 16th July, 2011.

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

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under items 5 -6 in the accompanying notice dated 30th May, 2011.

Item No. 5

Re-appointment of Wholetime Director Mr.D S Sahney

Mr. Devesh S Sahney was appointed as the Whole Time Director of the Company for a period of 5 years with effect from 24th May, 2006 at the Annual General Meeting of the Company held on August 11, 2006 on the terms and conditions set out therein. At the Board meeting held on 28th January, 2011 the Board of Directors have approved the re-appointment of Mr.D S Sahney as Whole time director for a further period of 5 years w.e.f. 1st April, 2011 to 31st March, 2016 on the terms and conditions as set out in the resolution. At the same meeting the board of directors have enhanced the remuneration for the new tenure in line with market levels.

This may be treated as an abstract under section 302 of the Companies Act, 1956 of the terms and conditions governing the appointment of Mr. D S Sahney as the Whole Time Director of the Company.

The Board of Directors of the Company recommend the passing of this Special Resolution. Except Mr. T S Sahney, Ms. Harshbeena S Zaveri and Mr. Devesh S Sahney, none of the other directors are concerned or interested in this Resolution.

Item No. 6**Payment of commission to Non Executive Directors**

The members have approved payment of commission to non-executive directors at the AGM held on 11th August, 2006 in accordance with Clause 49 of the Listing Agreement. In view of the efforts put in, contributions made and increased responsibilities shouldered by the non-executive Directors, it is appropriate that they be paid commission over and above the sitting fees, on the revised terms as set out in the Special Resolution under item no.6 of the accompanying Notice.

The eligible Directors may be deemed to be concerned or interested in the payment of commission to them

Notes on Directors seeking appointment/re-appointment

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

Name	Dr.(Ms.) Kala S Pant
Date of Birth	09.02.1935
Qualification	Bachelors degree in Science followed by post graduation in Statistics applied to Economics and Industry and Doctoral Research work by quantitative methods in the field of banking and transport
Experience	42 years training in the field of Management and Research methodology, Research in the problems of transport, ports, infrastructure benefits/cost analysis, both at macro and micro level.
Director Since	30.09.1997
List of other Directorships	1. Gujarat Sidhee Cement Ltd 2. Binani Metals Ltd
Membership in Committees in other companies	Member of Audit Committee – Binani Metals Ltd
No.of shares held	Nil

By Order of the Board

S C Rangani
Secretary

May 30, 2011

DIRECTORS' REPORT

To
The Members
NRB BEARINGS LIMITED
Mumbai

Your Directors have pleasure in presenting their Fortysixth Annual Report together with Audited Accounts for the year ended 31st March, 2011.

1. Financial Results	Year ended 31st March, 2011 Rs. lacs	Year ended 31st March, 2010 Rs. lacs
Profit before providing for Depreciation and taxation	10753.70	5669.46
Less: Depreciation	2286.47	1954.50
Provision for taxation		
Current (net)	2650.00	1250.00
In respect of earlier years	42.96	-
Deferred	(119.88)	24.07
Profit after taxation	5391.52	2440.89
Add: Balance brought forward	2773.74	2040.47
	8165.26	4481.36
Appropriation:		
Dividend	1938.45	969.23
Tax on distributed profits	314.46	160.97
General Reserve	539.15	244.09
Debenture redemption reserve	-	333.33
Profit & Loss Account	5373.20	2773.74
	8165.26	4481.36

2. **Appropriation**

Dividend

Directors recommend dividend of Rs.2.00/- per equity share of Rs.2/- (Rs.2.00 per share for previous year) payable to members/beneficial owners as per the Register of Members as applicable, aggregating Rs. 1938.45 lacs.

Bonus

During the year 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, were credited to the members account as on the record date 16.9.2010. As a result the equity capital has been enhanced to Rs.1938.45 lacs.

3. **Operations / Outlook**

During fiscal 2010-11 the Indian economy has emerged rapidly from the slowdown caused by the global financial crisis of 2007-09 and remains one of the fastest growing economies of the world. GDP growth has recovered sharply to 8%. The automotive sector in Asia, particularly India and China, have experienced strong growth. Your company has posted record net sales revenues and profits. Sales (net of excise duty) for the year ended 31st March, 2011 were Rs. 46636 lacs as against Rs.34660 lacs in the previous year, an increase of 34%. Profit before tax (PBT) was at Rs.7965 lacs as compared to Rs.3715 lacs in 2009-10, up by 114%. After providing for current and deferred taxes, the Profit after tax (PAT) was Rs.5392 lacs (Rs.2441 lacs in 2009-10), up by 121%.

Economic and financial events over the year, however, have increased concerns about the sustainability of the growth momentum- high and persisting inflation has emerged as a significant risk factor in sustaining India's growth, with inflationary pressures spilling over to manufactured products. In general higher global metals and commodity prices have contributed to rising input costs which are being progressively passed on to customers. Secondly, the high fiscal deficit as a result of the fiscal stimulus to counter the slowdown, has the effect of increasing interest rates. The third concern is that India's overall balance of payments remains weaker than expected, putting pressure on the Rupee. Foreign direct investments have slowed since the last quarter of fiscal 2011, offsetting the increase in external borrowings. Although it is still too early to spot definitive trends, industrial growth has slowed not just because of statistical base effects, but even in seasonally adjusted month on month terms, with reports of increasing automobile and housing inventories.

The fundamental drivers of India's growth prospects remain intact. However, global developments, in conjunction with Indian policy responses to the concerns noted above, are likely to make 2011-12 a challenging year. The management is taking cognizance of these challenges and is geared to face them. To further consolidate our position, capacities are being enhanced and the company is well positioned to leverage the opportunities FY2011-12 will bring.

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**

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

Dr.P D Ojha has on health grounds opted not to seek re-appointment at the Annual General meeting.

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, 2011 the company has two subsidiaries viz. SNL Bearings Ltd (SNL) and NRB Bearings (Thailand) Ltd. The consolidated results include the working of these subsidiaries.

SNL Bearings, in which your company holds 73.45% equity, has reported a record PAT of Rs.381.71 lacs (previous year Rs.5.12 lacs). Your company benefited from the surge in demand from the automotive sector and has improved its capacity utilization to keep pace with the growth in demand. Your company

will continue to make every effort to consolidate this improved performance and capture further growth opportunities during the current year.

NRB Bearings (Thailand) Ltd, a wholly owned subsidiary, has incurred a loss of THB 16.479 million (Rs. 244 lacs approx). To complement the current trading and brand building activities, manufacture of certain needle bearing products is expected to commence during the first quarter of FY 2011-12.

Schneeberger India Pvt.Ltd. has for the financial year ended 31st December,2010 a net revenue of Rs.90.28 lacs and a PAT of Rs.35.02 lacs.

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, Jalna and Panthnagar 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. In addition to the company 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, your company has joined hands with Habitat for Humanity to build homes in Aurangabad Region. Habitat for Humanity is a non profit organization that seeks to provide safe, decent

and affordable shelter for the poor. By partnering with Habitat, we will get an opportunity to bring about a tangible change in the lives of people and strengthen our commitment to social change.

Your company focuses on education; particularly for underprivileged communities and women. It is one of the founder partners of the First Tech Challenge, part of the FIRST: for Inspiration and Recognition in Science and Technology program in India. 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. During the year your company has sponsored seven underprivileged schools and is mentoring students to achieve their dreams to become leaders in the world of Science and Engineering.

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 VP: CFO 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 subsidiary will be provided the same on receipt of a written request from them or on submission of their e-mail IDs for forwarding documents through electronic mode. This will help save considerable cost in connection with printing and mailing of the Report and Accounts. This measure would be in line with the MCAs Green initiative for paperless communications.

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, 2011 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

M/s Deloitte Haskins & Sells, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment.

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.

The product "Bearings" is subject to cost audit under the Central Government rules. M/s. Nanabhoy & Co., Cost Accountants have been reappointed as the Cost Auditors for the year ending 31st March, 2012. The cost audit report for the year ended 31.3.2010 was reviewed by the audit committee at their meeting held on 28th July, 2010 and has been filed on 6.9.2010 well within the due date of 30th September, 2010. The cost audit for the year ended 31st March, 2011 is in progress and the cost audit report will be filed within the stipulated time.

15. Group as defined in the MRTP Act, 1969

Persons constituting group under the above Act are listed in Annexure A to this report.

16. Acknowledgement

The progress which the company has made would not have been possible without the tremendous support of our workforce- both unionized and management, the confidence and loyalty shown by our customers, whom we shall always strive to serve better. The Directors wish to convey their appreciation to them. The Directors also wish to thank the shareholders, 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 this continued support to achieve the goals set for the company in the years ahead.

On behalf of the Board

Mumbai : May 30, 2011

T S Sahney
Executive Chairman

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 with energy audits highlighting areas for the same-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, use of alternate fuel in assembly, upgrading old machines and moving to automated assembly lines. 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. Further replacement of 250 W mercury lights by 150 W lights in turning and cage shop resulted in savings of Rs.1.86 lacs p.a.
- At Waluj, savings on diesel arising out of usage of Express feeder continued. In addition energy savings of Rs.0.77 lacs has been generated by replacement of lower HP motors on to machines. Savings in water consumption have resulted with water level sensors being provided in the water distribution system.
- At Hyderabad replacement of a high capacity compressor with one of a lower capacity compressor has resulted in power savings of Rs.1.47 lacs, other energy saving initiative like provision of day lights on the shop floor and lowering the height of tube lights has resulted in energy savings of Rs.1.93 lacs.
- At Thane, installation of ecopower unit for assembly air conditioning plant resulted in power saving of Rs.1.5 lacs, replacement of 5 HP centrifugal pumps with submersible pumps for compressors resulted in savings of Rs.0.80 lacs and installation of solar energy street lights have resulted in energy saving.
- At Aurangabad existing lights replaced by CFL lights in wire drawing section for better illumination and energy saving resulting in savings of Rs.0.95 lacs and AC drives fitted in place of induction motors and starters giving annual savings of Rs.7.70 lacs. Reuse of treated water for hammering operations has resulted in savings in water of 1022 cubic meters per month.

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. 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	Prime focus throughout the year was on : <ul style="list-style-type: none">• Faster New product development• Diversification of Product range through research oriented design• Strategic alliance with customers through application and analytical engineering support.• Reliability studies through endurance testing• Supplier capability development to develop quality product• Development of new cost effective materials• Productivity improvements & low cost automation.• Setting up Chemical Laboratory for lubricants, plastics, greases.• Implementing ICP for composition analysis of metals, plastics, greases• Bearing reliability testing– Weibul implementation• Building application based calculation capability, simulation and testing
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Benefits derived as a result of the above R&D	<ul style="list-style-type: none"> • Quantum increase in terms of new products developed. • Reduction in new product development time. • Delivered high end products for sensitive application. • Technical specification on product, and application
Future plan of action	<ul style="list-style-type: none"> • Developing core competency to diversify the futuristic product range. • Reduction of heat and friction in product development • Shift to subassemblies and aggregates • Development of high precision automotive components • Model build shop for rapid prototyping • Testing to ensure performance of product in most severe conditions. • Development of critical application lubrications and coatings. • Development of in-house software on bearing and application analysis
Expenditure on R&D	During the year an amount of Rs.372.16 lacs has been incurred on revenue and capital account for R & D expenses.

C. Foreign exchange earnings and outgo

Foreign exchange earnings Rs. 4491.37 lacs

Foreign exchange outgo Rs. 8242.64 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 Executive Chairman	(83) 64	17.7.1966	1,45,27,003	--
Ms.H.S.Zaveri, A.B(USA) Managing Director & President	(51) 24	01.10.1987	1,20,87,126	--
Mr.D S Sahney, BBA (UK), MBA Whole-time Director	(42) 18	Oct 1993	74,75,876	Credit Lyonnais Bank, Trainee
Mr.H H Kamping, Degree in Mech.Engg. V P International Business Development	(55) 31	11.06.2007	1,03,24,973	Chief Engineer Automotive Timken, Halle/West Falen
Mr.Mansfred Vogel * Master of Engineering- (Munich,Germany), Master of Business Administration,USA Sr.V P Mfg Operations	(52) 25	01-02-2011	18,33,475	Director-Machine Tools Business SKF Industrie SPA, Italy

* Part of the year

The nature of employment is contractual and terms of remuneration 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
Executive Chairman

Mumbai : May 30, 2011

Annexure A

Persons constituting group coming within the definition of "Group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (MRTP) for the purpose of Regulation 3 (1) (e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following:

SNL Bearings Limited	Mr.Trilochan Singh Sahney
Trilochan Singh Sahney Trust 1 (TSS Trust 1)	Mr.Trilochan Singh Sahney as nominee for TSS Trust 1
Trilochan Singh Sahney Trust 2 (TSS Trust 2)	Mr.Trilochan Singh Sahney as nominee for TSS Trust 2
	Mrs.Hanwantbir Kaur Sahney
	Mrs.Hanwantbir Kaur Sahney as nominee for TSS Trust 1
	Mrs.Hanwantbir Kaur Sahney as nominee for TSS Trust 2
	Ms.Harshbeena S Zaveri
	Mr.Devesh S Sahney
	Ms.Aarti D Sahney
	Mr.Bhupinder Singh Sahney
	Ms.Brijween Kaur Sahney
	Ms.Jasmin Kaur Sahney
	Ms.Ambita Kaur Sahney
	Ms.Anjana Kaur Sahney
	Ms.Dipika Kaur Sahney
	Mr.Rajiv D Sahney
	Mr.Jasjiv D Sahney

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

(Ms) H. S. ZAVERI

Managing Director (CEO)

Mumbai : May 30, 2011

JYOTSNA SHARMA

(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, 2011.

Mumbai : May 30, 2011

T. S. Sahney

Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The company is in the ball and roller bearing business. The annual production of the domestic organized sector has increased by 23% to Rs. 3950 crores for the year 2010-11. Your company's market share in the domestic organized sector is 12% approximately. Original Equipment Manufacturers (OEMs) account for 65% - 70 % of the demand while the rest is supplied to the Aftermarket (18% - 20%) and Exports. The domestic ball and roller bearings industry which till recently focused on small and medium diameter range bearings consumed by large volume industries like Automotive, Engineering, Power transmission, Renewable Energy, Railways, have now included large size bearings in their manufacturing plans.

During fiscal 2010-11 the Indian economy has emerged rapidly from the slowdown caused by the global financial crisis of 2007-09 and remains one of the fastest growing economies of the world. GDP growth has recovered sharply to 8%. The automotive sector in Asia, particularly India and China, have experienced strong growth. India's automotive sector is expected to be one of the fastest growing in the world over the next several years, buoyed by continued growth in the economy, new launches of next generation platforms planned by various OEMs which will expand the size of the market, opportunities for exports both for finished automobiles and auto components, favourable demographics and rising disposable income of the expanding middle class households. 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.

Infrastructure spending in the 12th Five Year Plan is expected to double to US\$ 1 trillion and these investments in roads, railways and power generation will result in a multiplier effect across the core sectors. Overall prospects for industrial development remain positive and therefore the strong demand for bearing products is expected to be sustained in the coming years.

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.

During 2010-11, the automotive industry, the largest consumer of quality bearings, has witnessed buoyant growth in almost all segments. Tabled below are growth estimates for 2011-12 projected by the company, after assessing demand forecasts with all major OEMs

	Vehicle Production (Nos)				
User Industry	2010-11	2009-10	% growth	% growth (2011-12 Est)	
2-Wheelers					
Motorcycle	10527,111	8444,857	24.65	-	
Scooter	2144,765	1494,409	43.52	-	
Mopeds	704,575	571,070	23.38	-	
Total	13376,451	10510,336	27.27	23	
3-Wheelers	799,553	619,194	29.12	12	
Passenger Cars	2453,113	1932,620	26.93	}	17
MUV/MPV	534,183	424,791	25.75		
HCV/MCV	344,542	250,133	37.74	}	8
LCV	752,735	567,556	32.63		
Tractors	480,700	405,000	18.69		15
Total	18741,257	14709,630	27.41	-	

Source: SIAM for 2010-11 and 2009-10 production data and company estimates.

FINANCIALS

Turnover, net of excise duty, increased by 34.45% to Rs.46636 lacs from Rs.34660 lacs in 2010-11. Domestic sales increased by 33% from Rs.32015 lacs to Rs.42577 lacs while exports increased by 53% to Rs.4059 lacs from Rs. 2645 lacs in 2010-11.

The table below sets forth the key expense items as a percentage of net revenues for 2009-10 and 2010-11. The increase in input prices have been compensated by suitable price enhancements on the finished products and combined with operational efficiencies and cost cutting initiatives have resulted in improved operating margins.

	Percentage of Turnover Year ended March 31	
	2011	2010
Turnover (net of excise duty)	46636(100%)	34661(100%)
Expenditure:		
- Material (Including change in stock)	48.44	52.59
- Employee Cost	17.25	17.91
- Manufacturing and Other expenses (Net)	13.22	10.93
Total Expenditure	78.91	81.43
Profit before Depreciation, Interest and Tax	21.09	18.57
Depreciation	4.90	5.64
Interest (Net)	1.08	2.21
Profit before Exceptional Items and Tax	15.11	10.72

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
	31.12.2010	31.12.2010	31.12.2010	31.03.2011
Operating Profit (PBDIT) to Net Sales - %	13.51	19.71	18.38	23.05
RONW-PAT/Net Worth	20.86	21.19	13.42	24.62
ROCE –PBT/Cap employed	31.24	31.56	18.73	24.31
EPS *	33.60	73.11	8.01	5.56

* 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.

EVA	Rs. In Lacs	
	2010-11	2009-10
EBIT	8468	4482
Less: Adjusted Tax	2646	1234
NOPAT (Net Operating Profit less tax)	5822	3248
Equity	21898	18761
Debt	9711	8273
Total Invested Capital	31609	27034
Post Tax Cost of Debt %	7.00	4.70
Cost of Equity %	12.50	12.00
Weighted Average Cost of Capital % (WACC)	10.81	9.81
Weighted Average Cost of Capital (WACC)	3417	2652
EVA (NOPAT – WACC)	2405	596

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 @ 8% 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 further increased during the

year. Operating profits during the year have improved with the increase in volumes. Capital employed in the business has also gone up owing to increased sales.

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.
- 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 substantial investments in the 12th Five Year Plan aggregating USD 1 trillion. 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. 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. 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 18- 20% of the total demand for the industry, in spite of industry-wide efforts to thwart the unscrupulous suppliers. Educating users and partnering with competent agencies and BRBMA, the company is working actively to deter the culprits and mitigate its risk.
- To meet the stringent forthcoming emission goals which are being set, global auto makers are concentrating on new technologies – hybrid and plug-in electric cars are being introduced in increasing numbers as alternative propulsion options. This will call for investments in R & D, new technology and even new production facilities. Indian industry will need to build on its competitive advantage regarding wages and economical R & D capabilities 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. With countries subsidizing their export-oriented industries, the low pricing and with the demand-supply gap aggravating the market dynamics, these are proving to be a big threat for the domestic bearings industry, prompting many customers to opt for cheaper imported options.
- The Indian market potential has caught the attention of global bearing majors to foray into India or to further enhance their presence. Competition from such new entrants and supply chain readiness are the further challenges which will have to be countered by a stronger focus on reducing costs and increasing efficiency of operations.
- In the near term, higher commodity raw material input prices (steel, plastic), interest rates, fuel pricing could impact the growth of the user industries.

To meet these challenges, coupled with a strategic operational focus, the company shall tap all opportunities in

the automotive and industrial sectors, leverage its wide range of products and its Engineering capabilities and prime its sourcing and purchasing capabilities. The company remains committed towards 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 alongwith follow-up on implementation of corrective actions are presented to the Audit Committee for review.

HUMAN RESOURCE AND INDUSTRIAL RELATIONS

During the year, the company has entered into three year prospective wage settlements with its workmen at the Jalna and Plant VIII-Waluj and wage rise linked to per man output and incentive payment has been linked to overall production volume increase.

Overall relations with the workmen at these plants have been cordial during the year and the company has benefited with higher productivity and increased outputs to meet the surge in customer demand.

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.

The company has always believed that our strength lies within the talent we attract and retain. We are striving to create a work environment which is conducive for the employees to reach their fullest potential through an Integrated and Robust Performance Management Process. This forms the foundation for our talent management process which will help us put a framework in place for Individual Development Planning, Career and Succession Planning and building bench strength of talented future leaders of tomorrow, using a combination of developmental assignments, customized classroom trainings, special projects to enable employees to continuously learn.

Whether it is an Integrated Performance Management System, structured Learning Process, process of identification of Key and Critical Talent and managing them, the focus is for our people to grow and develop, because in their growth and success lies the success of the company.

Constant feedback is an integral part of the company's growth and objective feedback is the only way for all to move forward. To facilitate this, an Employee Engagement Survey "PULSE" was conducted and a focused action plan to address the needs and concerns of our people is being implemented.

Permanent employees directly employed by the company currently total 1575 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

Transparency and accountability are the two basic tenets of Corporate governance. Responsible corporate conduct is integral to the way to do business – at all levels within the company, actions are governed by our values and principles. Your company is committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with the applicable legal requirements. To succeed requires the highest standards of corporate behavior towards everyone you work with, the communities we touch and the environment on which we have an impact. This is the road to sustainable, profitable growth and creating long term value for the shareholders, the employees and the business partners.

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 Board 's strength is seven members, with an Executive Chairman, two executive directors and four non-executive directors. All directors including Non-executive Directors are professionally competent.

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

Name of Director	DIN	Category	No.of Directorships (Chairmanship) as on 31.03.2011	No.of Membership in Committees (Chairmanship) as on 31.03.2011
Mr. T S Sahney	00003873	E & NID	-	-
Dr. P.D.Ojha	00003890	NE & ID	3 (1)	1
Dr. K S Pant	00003915	NE & ID	2	1
Mr. K M Elavia	00003940	NE & ID	9 (1)	7 (3)
Ms. H S Zaveri	00003948	E & NID	1	2
Mr. D S Sahney	00003956	E & NID	-	-
Mr. Anand N Desai	00165894	NE & ID	-	-

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 20 meetings including 5 meetings of the Board during 2010-11.

The maximum interval between any two meetings was 92 days. The Board held its meetings on 24th May, 2010, 1st June, 2010, 28th July, 2010, 29th October, 2010 and 28th January, 2011.

(iii) **Attendance of Directors:**

The overall attendance of Directors was 86%. The attendance of whole-time Directors was 93%

Attendance of Directors

At the Board Meetings held during 2010-11 and the last Annual General Meeting

Directors	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the last AGM (4th August, 2010)	Share-holding
1 Mr. T S Sahney	5	5	Yes	5981906
2 Dr. P D Ojha	5	3	Yes	Nil
3 Dr.(Ms) Kala S Pant	5	4	No	Nil
4 Ms. H S Zaveri	5	4	Yes	3938949
5 Mr. D S Sahney	5	5	Yes	3504600
6 Mr. K.M. Elavia	5	5	Yes	Nil
7 Mr. Anand N Desai	5	4	Yes	Nil

Overall attendance in the Board Meetings: 86%

AGM : 86%

Dr. Kala S Pant had been elected Chairman of the Audit Committee at the meeting held on 24th May, 2010 in the absence of Dr. P D Ojha the regular Chairman of the Audit Committee. Dr. Pant was unable to attend the AGM on medical grounds as she had been hospitalized for medical treatment for malignancy.

(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
Dr.(Ms) Kala S Pant aged 76 yrs, is a MA in Stats from Newyork University, USA followed by Post graduate Doctoral Research work by quantitative methods in the field of Banking and Transport. She has vast experience of 45 yrs in the field of Management and Research methodology, Research in the problems of transport, ports, infrastructure benefits/cost analysis, both at macro and micro level.	<p>Directorships Gujarat Sidhee Cement Ltd Binani Metals Ltd</p> <p>Committee Memberships Audit Committee</p> <p>Binani Metals Ltd</p>

Dr.P D Ojha and Dr.(Ms) Kala S Pant retire by rotation and are eligible for reappointment.

Dr.P D Ojha, on health grounds has opted not to seek re-appointment at the ensuing Annual General meeting.

(v) **Remuneration of directors:**

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

Name of Director	Sitting fees	Commission on profits*	Salary and Perquisites	Total
T S Sahney	-	49,50,000	95,77,003	1,45,27,003
H S Zaveri	-	22,26,000	98,61,126	1,20,87,126
D S Sahney	-	14,64,000	60,11,876	74,75,876
P D Ojha	35,000	1,25,000		
K S Pant	45,000	1,25,000		
K M Elavia	60,000	1,25,000		
Anand N Desai	90,000	1,25,000		

* 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 2011-12.

Period of Contract of Executive Chairman	:	For a period of 3 years w.e.f.1.10.2010 to 30.9.2013 The contract may be terminated by either party giving the other party six calendar months notice
Period of Contract of Managing Director & President	:	For a period of 5 years w.e.f.1.10.2010 to 30.9.2015.The contract may be terminated by either party giving the other party six calendar months notice
Period of Contract of Whole-time Director	:	For a period of 5 years w.e.f.01.4.2011 to 31.3.2016 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 four 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 5 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 2010-11

Members	Meetings held	Meetings attended
Dr.P D Ojha (Chairman)	5	4
Dr.(Ms) Kala S Pant	5	3
Mr.K M Elavia	5	5
Mr.Anand N Desai	5	5

Overall attendance: 85%

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, Executive Chairman, Ms.H S Zaveri, Managing Director & President, Mr.Anand N Desai (Member w.e.f.24th May,2010) and Dr.(Ms) K S Pant (Chairman of the Committee).

The shareholders of the Company are serviced by the inhouse investor service department and the share transfer agent- M/s.Universal Capital Securities 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 2010-11**

Members	Meetings held during the tenure of the Director	Meetings attended
Mr.T S Sahney	8	8
Ms.H S Zaveri	8	7
Ms.K S Pant (Chairman)	8	2
Mr.Anand N Desai	7	7

* Overall attendance : 77%

4. General Body Meetings

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

45th Annual General Meeting on 4th August, 2010 at 11.00 am at M.C.Ghia Hall, K Dubash Marg, Mumbai 400 001

Special resolutions passed in respect of Appointment of Mr.T S Sahney as Executive Chairman, Appointment of Ms.H S Zaveri as Managing Director, Amendment of Memorandum of Association and for issue of Bonus shares.

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

Special resolutions passed in respect of Waiver of the requirement of repayment of excess remuneration paid by the Company in case of Mr.T S Sahney, Managing Director and Ms.H S Zaveri, President & Whole time Director and in respect of enhanced remuneration payable to Mr.T S Sahney-Managing Director and Ms. H S Zaveri, President & Whole time Director.

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

No postal ballot was conducted in the year 2010-11. 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 2010-11. 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 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

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. (Ms)K S Pant has completed an aggregate tenure exceeding 9 years. However it is felt that her continuation on the Board is valuable for the company considering her wealth of experience and exposure.

Dr. P D Ojha, on health grounds has opted not to seek re-appointment at the ensuing Annual General meeting.

c. **Remuneration Committee**

The Company does not have a Remuneration Committee at this stage.

d. **Half yearly results to shareholders**

The company forwards half yearly results to all its shareholders.

e. **Audit Qualifications**

Not applicable.

Auditors' certificate to the members of NRB Bearings Limited on compliance of the conditions of corporate governance for the year ended 31st March, 2011, under clause 49 of the listing agreements with relevant stock exchanges.

We have examined the compliance of the conditions of corporate governance by NRB Bearings Limited, for the year ended on 31st March, 2011, 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 **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117365W)

A. C. Khanna
Partner
(Membership No.17814)

Mumbai : May 30, 2011

SHAREHOLDERS' INFORMATION

1. Annual General Meeting

Date and Time : 27th July, 2011 at 11.30 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 30,2011 : Last week July, 2011
Financial reporting for the quarter ending September 30, 2011 : Last week October, 2011
Financial reporting for the quarter ending December 31, 2011 : Last week January, 2012
Financial reporting for the year ending March 31, 2012 : End May, 2012
Annual General Meeting for the year ending March 31, 2012 : August, 2012

3. Book Closure Date

: 18th July to 27th July, 2011
(both days inclusive)

4. Dividend Payment Date

: 10th August, 2011

5. Registered Office and Plants

: Dhannur, 15 Sir P. M. Road,
Fort, Mumbai 400 001
(Tel) 22664160/4998
(Fax) 22660412
E-mail: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
2003-04	13th August, 2004	18th August, 2004	18th September, 2011
2004-05	11th August, 2005	16th August, 2005	16th September, 2012
2005-06 - Interim - Final	30th January, 2006 11th August, 2006	15th February, 2006 18th August, 2006	6th March, 2013 16th September, 2013
2006-07 - Interim - Final	27th October, 2006 3rd August, 2007	10th November, 2006 14th August, 2007	2nd December, 2013 8th September, 2014
2007-08	5th August, 2008	14th August, 2008	10th September, 2015
2008-09	12th August, 2009	20th August, 2009	17th September, 2016
2009-10	4th August, 2010	16th August, 2010	10th September, 2017

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, 2011.

Financial year	No. of warrants issued	No. of warrants unclaimed	%	Amount of dividend Rs. in lacs	Unclaimed dividend amount Rs.	%
2003-04	2911	146	5.02	726.92	157590	0.22
2004-05	3088	130	4.21	969.23	164730	0.17
2005-06 - Interim	3356	195	5.81	726.92	167663	0.23
- Final	3214	146	4.54	484.61	84010	0.17
2006-07 - Interim	3286	144	4.38	775.38	124904	0.16
- Final	4683	215	4.59	630.00	136581	0.22
2007-08	6244	279	4.47	1163.07	207230	0.17
2008-09	6071	353	5.81	775.38	181195	0.23
2009-10	7393	289	3.91	969.23	180156	1.86
Total	40246	1897	4.71	7220.74	1404059	0.19

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	2011				2010			
	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	6956	70.908	1171521	1.209	5191	83.256	1021786	2.109
501-1000	1645	16.769	1477988	1.525	539	8.645	478896	0.988
1001-2000	608	6.198	1032947	1.066	253	4.058	388616	0.802
2001-3000	193	1.967	507280	0.523	82	1.315	212923	0.439
3001-4000	109	1.111	398932	0.412	26	0.417	95134	0.196
4001-5000	79	0.805	377314	0.389	32	0.513	154263	0.318
5001-10000	105	1.070	789246	0.814	47	0.754	352376	0.727
10001 & above	115	1.172	91167372	94.062	65	1.043	45757306	94.421
TOTAL	9810	100.00	96922600	100.00	6235	100.00	48461300	100.00

As on 31st March, 2011 84661340 constituting 87.34% 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 ISN 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.

The company has issued bonus shares 1:1 in September 2010.

12. Categories of Shareholdings as on 31st March :

Category	2011				2010			
	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/ clearing members	9372	95.53	40354714	41.64	5907	94.74	19771301	40.80
Corporate Bodies	286	2.92	44192941	45.60	232	3.72	22264228	45.94
Foreign Collaborator	—	—	—	—	—	—	—	—
NRI/OCBs	136	1.39	183327	0.19	83	1.33	76839	0.16
FI/FII/Banks/ Foreign national/ Trusts	12	0.12	7662270	7.90	7	0.11	3820500	7.88
Mutual Funds/ UTI	4	0.04	4529348	4.67	6	0.10	2528432	5.22
TOTAL	9810	100.00	96922600	100.00	6235	100.00	48461300	100.00

Promoter holdings constituting 7,11,73,039 shares (73.43%) of the equity capital are included in the above.

13. Share Transfer System

The Investor Grievances/Share Transfer Committee comprising of four 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 30 days from the date of receipt in case documents are complete in all respects.

14. Investor Queries/Complaints Handled

Nature of queries/complaints	2010-11 Nos.	2009-10 Nos.
Relating to transfers, Transmissions etc. (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)	8	5
Relating to dividends (including issue of fresh Demand drafts against unpaid warrants, non-receipt of dividend warrants and bank details)	18	37
Relating to change of address	5	3
Others	-	-
Total	31	45

- 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
16.09.2010	Bonus Issue 1:1	48461300	96922600	193845200

*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 2011-12 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

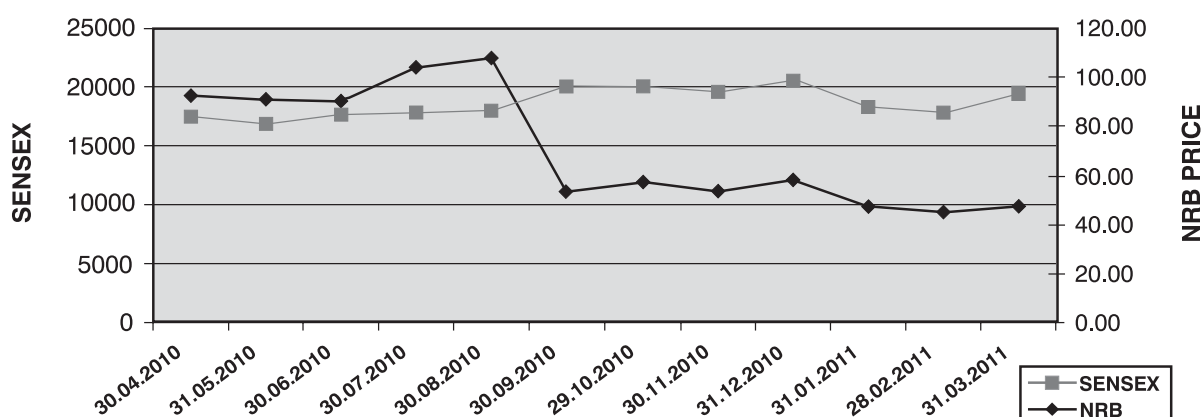
18. Stock Market Data

Bombay Stock Exchange Ltd, Mumbai and National Stock Exchange, Mumbai

Monthly high and low quotations and volume of shares traded

2010-11	Bombay Stock Exchange Ltd			National Stock Exchange		
Month	High (Rs)	Low(Rs)	Volume	High (Rs)	Low(Rs)	Volume
April'10	101.95	70.20	1416199	101.80	70.00	1917488
May'10	93.40	71.10	508142	93.00	71.35	659300
June'10	95.90	84.25	530004	95.70	84.05	632249
July'10	111.80	88.50	1624619	111.80	88.50	2252874
August'10	116.65	103.00	1281045	116.65	102.75	2098169
September'10	111.70	49.70	1025618	122.90	49.80	2066832
October'10	62.00	51.55	1386072	62.00	51.30	2678468
November'10	64.75	47.65	698151	64.60	47.50	1398958
December'10	63.50	45.30	744385	67.10	51.10	1621911
January'11	61.80	46.50	341193	61.85	46.50	683448
February'11	49.50	40.60	129613	49.50	39.40	275341
March'11	52.00	42.05	238247	53.00	40.30	418814
Total			9923288			16703852

19. Performance (Indexed):



	30.04.10	31.05.10	30.06.10	30.07.10	30.08.10	30.09.10	29.10.10	30.11.10	31.12.10	31.01.11	28.02.11	31.03.11
NRB	92.50	90.65	90.35	103.90	106.30	53.30	57.55	53.65	58.10	47.20	45.15	47.50
SENSEX	17558.71	16944.63	17700.9	17868.29	17971.12	20069.12	20032.34	19521.25	20509.09	18327.76	17823.40	19445.22

20. Registrars and Transfer Agents

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

: M/s. Universal Securities Pvt. Ltd.
 (Formerly known as 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

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

Particulars	2010-11**	2009-10	2008-09	2007-08
Net earnings (Rs.lacs)	5391.52	2440.89	426.32	3351.25
Cash earnings (Rs.lacs)	7677.99	4395.39	2365.79	5148.09
EPS (Rs)	5.56	5.04	0.88	6.92
CEPS (Rs.)	7.92	9.07	4.88	10.62
Dividend per share (Rs.)	2.00	2.00	1.60	2.40
Dividend payout (%)	41.78	46.30	212.78	40.60
Book value per share (Rs.)	22.60	38.71	37.88	37.27
Price to earnings *	8.54	14.18	37.44	11.42
Price to cash earnings *	6.00	7.88	6.75	7.44
Price to book value *	2.10	1.85	0.86	2.12

* Stock price as on 31st March, 2011 – Rs.47.50 (closing price).

** EPS/CEPS/dividend per share/book value are on the enhanced capital after bonus 1:1.

AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

1. We have audited the attached Balance Sheet of **NRB BEARINGS LIMITED** ("the Company") as at 31st March, 2011, 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) 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, 2011;
 - (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, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117365W)

A. C. Khanna
Partner
(Membership No.17814)

Mumbai : May 30, 2011

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011 (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), (xviii) 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. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (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 had in an earlier year granted loan to a party, SNL Bearings Limited (a subsidiary). At the year-end, the outstanding balance of such loan was Rs.200.00 lacs and the maximum amount involved during the year was Rs.300.00 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 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.
- (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:

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011
(referred to in paragraph 3 of our report of even date) (contd.)**

- (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 of the Company 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, Custom 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, 2011, 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, 2011 on account of any disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. lacs)
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	A.Y. 2005-2006	40.06
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	A.Y. 2006-2007	32.62
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	A.Y. 2007-2008	157.46
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2008-2009	297.20
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

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011
(referred to in paragraph 3 of our report of even date) (contd.)**

- (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) The Company has not taken any term loans during the year. In our opinion and according to the information and explanations given to us, the term loans taken in earlier years and outstanding as at the year end 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) The Company has created security in respect of debentures issued and outstanding at the year end.
- (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 **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117365W)

A. C. Khanna
Partner
(Membership No.17814)

Mumbai : May 30, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	Rs.lacs	As at 31.03.2011 Rs.lacs	Rs.lacs	As at 31.03.2010 Rs.lacs
I. SOURCES OF FUNDS:					
1) Shareholders' funds:					
a) Share capital	1	1938.45		969.23	
b) Reserves and surplus	2	19961.17		17791.79	
			21899.62		18761.02
2) Loan funds:					
a) Secured loans	3	5526.30		3640.39	
b) Unsecured loans	4	4184.80		4633.10	
			9711.10		8273.49
3) Deferred tax liability (net) (see Note 11 on Schedule 20)			1160.02		1279.90
Total			32770.74		28314.41
II. APPLICATION OF FUNDS:					
1) Fixed assets:	5				
a) Gross block		39144.63		35244.05	
b) Less: depreciation		22279.43		19998.76	
c) Net block		16865.20		15245.29	
d) Capital work in progress and capital advances		1401.29		134.03	
			18266.49		15379.32
2) Investments	6		1657.65		1792.70
3) Current assets, loans and advances:					
a) Inventories	7	10543.23		8055.61	
b) Sundry debtors	8	10634.90		7456.51	
c) Cash and bank balances	9	591.80		468.67	
d) Loans and advances	10	3166.72		2435.06	
		24936.65		18415.85	
Less : Current liabilities and provisions:					
a) Current liabilities	11	9317.79		5497.61	
b) Provisions	12	2772.26		1775.85	
		12090.05		7273.46	
Net current assets			12846.60		11142.39
Total			32770.74		28314.41
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 Deloitte Haskins & Sells
Chartered Accountants

T. S. Sahney
Executive Chairman

P. D. Ohja **K. S. Pant**
H. S. Zaveri
Managing Director & President

K. M. Elavia
Directors

A. C. Khanna
Partner

Jyostna Sharma
Chief Financial Officer

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

Mumbai: May 30, 2011

Mumbai : May 30, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	Rs.lacs	Year ended 31.03.2011 Rs.lacs	Rs.lacs	Year ended 31.03.2010 Rs.lacs
INCOME					
Sales (Gross)		50893.69		37349.57	
Less: Excise duty		4257.56		2689.05	
			46636.13		34660.52
Other income	13		916.00		871.66
			47552.13		35532.18
Increase/(Decrease) in stock of work-in-progress and finished goods	14		1287.58		(1092.38)
			48839.71		34439.80
EXPENDITURE					
Raw materials, components and packing materials consumed			17201.41		11857.66
Purchase of traded goods			116.09		-
Stores and spares consumed			4429.49		3572.76
Processing charges			2130.37		1706.52
Power and fuel			1799.06		1502.79
Employee costs	15		8043.69		6206.16
Repairs	16		506.30		286.54
Other expenses	17		3859.60		2871.04
Depreciation	5		2286.47		1954.50
Interest (net)	18		502.63		766.87
			40875.11		30724.84
PROFIT BEFORE TAX			7964.60		3714.96
Provision for taxation					
- Current tax		2650.00		1250.00	
- In respect of earlier years		42.96		-	
- Deferred tax		(119.88)		24.07	
			2573.08		1274.07
PROFIT AFTER TAX			5391.52		2440.89
Add: Balance brought forward			2773.74		2040.47
AVAILABLE FOR APPROPRIATIONS			8165.26		4481.36
LESS: APPROPRIATIONS:					
Proposed final dividend			1938.45		969.23
Additional income-tax on distributed profits			314.47		160.97
Transfer to general reserve			539.15		244.09
Transfer to debenture redemption reserve			-		333.33
			2792.07		1707.62
BALANCE CARRIED TO BALANCE SHEET			5373.19		2773.74
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 9 on Schedule 20] : In Rs.			5.56		2.52

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

T. S. Sahney
Executive Chairman

P. D. Ohja **K. S. Pant**

H. S. Zaveri
Managing Director & President

K. M. Elavia
Directors

A. C. Khanna
Partner
Mumbai: May 30, 2011

Jyostna Sharma
Chief Financial Officer

S. C. Rangani
Sr. V P & Company Secretary
Mumbai : May 30, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

		Year ended 31.03.2011 Rs.lacs	Year ended 31.03.2010 Rs.lacs
A. CASH FLOW FROM OPERATING ACTIVITIES:			
NET PROFIT BEFORE TAX		7964.60	3714.96
Adjustments for:			
Depreciation	2286.47	1954.50	
Foreign exchange loss/(gain) - unrealised	(36.61)	(59.22)	
Interest (income)/expenditure (net)	502.63	766.87	
Dividend income	(20.06)	(9.11)	
Loss on sale of fixed assets	2.14	-	
Profit on sale of fixed assets (net)	-	(198.52)	
Provision for doubtful debts	50.41	101.13	
Provision for compensated absences	40.49	63.28	
Provision for gratuity	22.49	126.64	
		2847.96	2745.57
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS		10812.56	6460.53
Changes in:			
- Trade and other receivables	(3712.03)	(759.98)	
- Inventories	(2487.62)	891.24	
- Trade payables	1989.77	2133.80	
		(4209.88)	(2265.06)
NET CASH GENERATED FROM OPERATIONS		6602.68	8725.59
Direct taxes paid (net of refund)		(3094.52)	(1178.74)
NET CASH FROM OPERATING ACTIVITIES		3508.16	7546.85
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of fixed assets (including adjustments on account of capital advances)		(3274.13)	(1350.96)
Sale of fixed assets		1.50	214.20
Purchase of investments		(9661.11)	-
Purchase of additional equity shares in a subsidiary		(64.95)	-
Sale of investments		9861.11	-
Dividend income		20.06	9.11
Interest income		21.30	49.05
NET CASH USED IN INVESTING ACTIVITIES		(3096.22)	(1078.60)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

	Rs.lacs	Year ended 31.03.2011 Rs.lacs	Rs.lacs	Year ended 31.03.2010 Rs.lacs
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from borrowings		6902.21		14723.24
Repayment of borrowings		(5991.73)		(15153.85)
Increase/(Decrease) in cash credit		459.28		(4303.81)
Interest paid		(528.69)		(776.48)
Dividend paid		(968.91)		(774.96)
Additional income - tax on distributed profits		(160.97)		(131.78)
NET CASH USED IN FINANCING ACTIVITIES		(288.81)		(6417.64)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		123.13		50.61
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR				
the components being:				
Cash on hand	5.06		5.55	
Cheques on hand	133.28		287.46	
Balances with banks on current accounts	330.33		125.05	
		468.67		418.06
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR				
the components being:				
Cash on hand	4.02		5.06	
Cheques on hand	42.63		133.28	
Balances with banks on current accounts	545.15		330.33	
		591.80		468.67
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE		123.13		50.61

Notes:

1. The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS-3) 'Cash Flow Statements' as specified in Companies (Accounting Standards) Rules, 2006.
2. Figures in brackets represent deductions/outflows.
3. 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 Deloitte Haskins & Sells
Chartered Accountants

T. S. Sahney
Executive Chairman

P. D. Ohja **K. S. Pant**

H. S. Zaveri
Managing Director & President

K. M. Elavia
Directors

A. C. Khanna
Partner

Jyostna Sharma
Chief Financial Officer

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

Mumbai: May 30, 2011

Mumbai : May 30, 2011

SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

	Rs.lacs	As at 31.03.2011 Rs.lacs	Rs.lacs	As at 31.03.2010 Rs.lacs
Schedule 1 - Share capital				
Authorised:				
100,000,000 (as at 31.03.2010 50,000,000) Equity shares of Rs.2 each		2000.00		1000.00
Issued and subscribed:				
96,922,600 (as at 31.03.2010 48,461,300) Equity shares of Rs. 2/- each fully paid up.		1938.45		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) 90,024,600 (as at 31.03.2010 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, capital reserve and share premium account.				
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		1938.45		969.23
Schedule 2 - Reserves and surplus				
Capital reserve:				
Per last balance sheet		25.00		25.00
Share premium:				
Per last balance sheet	1214.94		1214.94	
Less: Capitalisation by way of bonus issue	969.22	245.72	-	1214.94
Debenture redemption reserve :				
Per last balance sheet	333.33		-	
Add : Transferred from profit and loss account	-	333.33	333.33	333.33
General reserve:				
Per last balance sheet	13444.78		13200.69	
Add: Transferred from profit and loss account	539.15		244.09	
		13983.93		13444.78
Surplus being balance in profit and loss account		5373.19		2773.74
Per balance sheet		19961.17		17791.79

SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs.lacs
Schedule 3 - Secured loans		
a) From banks:		
i) Cash credit	474.67	15.39
ii) Term loans in foreign currency [repayable within one year Rs. 556.28 lacs (as at 31.03.2010 Rs. 499.16 lacs)]	1251.63	1622.26
iii) Term loan [repayable within one year Rs. Nil (as at 31.03.2010 Rs. 2.74 lacs)]	-	2.74
iv) Short term loan	1800.00	-
b) Non-convertible debentures	2000.00	2000.00
Per balance sheet	5526.30	3640.39

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 the company's vehicles specifically purchased under the loan.
- Short term loan (a)(iv) is secured by hypothecation of stocks and book debts on pari passu basis.
- 200, 11.5% privately placed non-convertible debentures of Rs.1,000,000 each (b), redeemable at par, on 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	1500.00	500.00
b. Other loans and advances Interest free Sales tax loan [repayable within one year Rs. 46.44 lacs (as at 31.03.2010 Rs. 40.46 lacs)]	1684.80	1633.10
c. Commercial papers (repayable within a year; maximum balance outstanding during the year Rs. 2500.00 lacs; 31.03.2010 Rs. 2500 lacs)	1000.00	2500.00
Per balance sheet	4184.80	4633.10

SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)
Schedule 5 - Fixed assets

Description	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	Opening Balance As at 01.04.10	Additions	Deductions	Closing Balance As at 31.03.11	Opening Balance As at 01.04.10	For the year	On Deductions	Closing Balance As at 31.03.11	As at 31.03.11	As at 31.03.10
	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs	Rs. lacs
A. Tangible Assets										
Freehold land	60.00	-	-	60.00	-	-	-	-	60.00	60.00
Leasehold land	177.42	-	-	177.42	9.82	1.98	-	11.80	165.62	167.60
Buildings and flats	3411.82	526.31	-	3938.13	1036.64	106.41	-	1143.05	2795.08	2375.18
Plant and machinery	28631.80	3183.15	-	31814.95	17160.29	1976.98	-	19137.27	12677.68	11471.51
Furniture, fixtures and equipment	1427.91	62.23	-	1490.14	960.09	75.73	-	1035.82	454.32	467.82
Electrical installations	827.39	-	-	827.39	436.07	34.27	-	470.34	357.05	391.32
Vehicles	479.78	25.88	9.44	496.22	215.56	42.56	5.80	252.32	243.90	264.22
Sub Total (A)	35016.12	3797.57	9.44	38804.25	19818.47	2237.93	5.80	22050.60	16753.65	15197.65
B. Intangible Assets										
Computer software	227.93	112.45	-	340.38	180.29	48.54	-	228.83	111.55	47.64
Sub Total (B)	227.93	112.45	-	340.38	180.29	48.54	-	228.83	111.55	47.64
Total (A) + (B)	35244.05	3910.02	9.44	39144.63	19998.76	2286.47	5.80	22279.43	16865.20	-
Previous year	34057.17	1221.94	35.06	35244.05	18063.64	1954.50	19.38	19998.76	-	15245.29
Capital work-in-progress									160.66	48.67
Advances for capital expenditure									1240.63	85.36
									1401.29	134.03
Per balance sheet									18266.49	15379.32

Note:

Buildings and flats include :

- Shares in respect of residential premises of a cost of Rs.481.86 lacs (as at 31.03.2010 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 Cooperative 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, 2011 (contd.)

	Rs. lacs	As at 31.03.2011 Rs. lacs	Rs. lacs	As at 31.03.2010 Rs. lacs
Schedule 6 - Investments				
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	1.00		1.00	
2. In a mutual fund:				
DSP Black Rock Equity Fund				
50,000 units of Rs. 10 each fully paid-up	5.00		5.00	
		6.00		6.00
B. Trade				
1. In subsidiary companies				
Quoted				
Shares:				
SNL Bearings Limited				
2,652,762 (previous year 2,484,176) Equity shares of Rs. 10 each fully paid-up	239.67		174.72	
Unquoted				
Shares:				
SNL Bearings Limited				
1,000,000 6% Cumulative redeemable preference shares of Rs. 80 each (previous year Rs. 100 each) fully paid-up	800.00		1000.00	
NRB Bearings (Thailand) Limited				
4,999,994 Shares of THB 10 each fully paid-up	599.64		599.64	
2. In a joint venture company				
Unquoted				
Shares:				
Schneeberger India Private Limited				
112,500 Equity shares of Rs. 10 each fully paid-up	11.25		11.25	
3. Others				
Quoted				
Shares:				
Indusind Bank Limited				
8,541 Equity shares of Rs. 10 each fully paid-up	0.98		0.98	
Eicher Motors Limited				
600 Equity shares of Rs. 10 each fully paid-up	0.06		0.06	
Hero Honda Motors Limited				
6,250 Equity shares of Rs. 2 each fully paid-up	0.05		0.05	
		1651.65		1786.70
Per balance sheet		1657.65		1792.70
Aggregate amount of quoted investments [market value Rs. 1018.59 lacs (as at 31.03.2010 Rs. 1100.09 lacs)]		240.76		175.81
Aggregate amount of unquoted investments		1416.89		1616.89
		1657.65		1792.70

SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

	Rs. lacs	As at 31.03.2011 Rs. lacs	Rs. lacs	As at 31.03.2010 Rs. lacs
Schedule 7 - Inventories				
(at lower of cost and net realisable value, as certified by the Managing Director)				
Stores and spare parts		982.85		653.14
Stock-in-trade				
Raw materials, bought out components and packing materials	2762.06		1891.73	
Manufactured components	876.13		750.56	
Work-in-progress	1993.79		1702.80	
Finished goods	3928.40		3057.38	
		9560.38		7402.47
Per balance sheet		10543.23		8055.61
Schedule 8 - Sundry debtors				
Over six months				
Secured, considered good	5.66		0.28	
Unsecured, considered good	1382.71		1068.57	
Unsecured, considered doubtful	525.61		475.20	
		1913.98		1544.05
Others				
Secured, considered good	126.64		85.85	
Unsecured, considered good	9119.89		6301.81	
		9246.53		6387.66
		11160.51		7931.71
Provision for doubtful debts		525.61		475.20
Per balance sheet		10634.90		7456.51
Schedule 9 - Cash and bank balances				
Cash on hand		4.02		5.06
Cheques on hand		42.63		133.28
Current accounts with scheduled banks		545.15		330.33
Per balance sheet		591.80		468.67

SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs.lacs
Schedule 10 - Loans and advances		
(Unsecured, considered good)		
Advances and loans to subsidiary companies	223.37	322.01
Advances recoverable in cash or in kind or for value to be received	2100.93	1497.73
Income taxes paid less provisions there against (other than deferred tax)	674.03	461.76
Fringe benefit tax paid less provisions there against	10.00	10.00
Balance with central excise	158.39	143.56
Per balance sheet	<u>3166.72</u>	<u>2435.06</u>
Schedule 11 - Current liabilities		
Sundry creditors		
- due to micro enterprises and small enterprises (see note 4 on schedule 20)	-	-
- due to others	7703.82	4533.12
	<u>7703.82</u>	<u>4533.12</u>
Security companies	207.16	92.18
Security deposits	546.70	166.02
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 in relation to unpaid dividends (not due)	14.04	13.72
Other liabilities	780.22	621.96
Interest accrued but not due on loans	65.85	70.61
Per balance sheet	<u>9317.79</u>	<u>5497.61</u>
Schedule 12 - Provisions		
Taxation less payments thereagainst (other than deferred tax)	-	189.29
Fringe benefit tax (net of payments)	8.50	8.50
Proposed final dividend	1938.45	969.23
Additional income-tax on distributed profits	314.47	160.97
Gratuity	147.54	125.05
Gratuity in respect of managing director	1.00	1.00
Compensated absences	362.30	321.81
Per balance sheet	<u>2772.26</u>	<u>1775.85</u>

**SCHEDULES 13 TO 18 ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2011**

	Rs. lacs	Year ended 31.03.2011 Rs. lacs	Rs. lacs	Year ended 31.03.2010 Rs.lacs
Schedule 13 - Other income				
Sale of scrap		456.88		334.47
Agency commission		48.86		49.22
Export incentives		145.49		3.27
Dividend from investments				
Trade - Long term	7.10		7.61	
Other than trade - Long term	5.00		1.50	
	12.10		9.11	
Other than trade - Current	7.96		-	9.11
		20.06		
Profit on sale of fixed assets (net)		-		198.52
Sale of tenancy rights (net)		208.42		-
Rent		34.36		102.27
Foreign exchange gain (net)		-		170.67
Miscellaneous		1.93		4.13
Per profit and loss account		916.00		871.66
Schedule 14 - Increase/(Decrease) in stock of work-in-progress and finished goods				
Opening stocks:				
Manufactured components		750.56		709.62
Work-in-progress		1702.80		1550.75
Finished goods		3057.38		4342.75
		5510.74		6603.12
Closing stocks:				
Manufactured components		876.13		750.56
Work-in-progress		1993.79		1702.80
Finished goods		3928.40		3057.38
		6798.32		5510.74
Per profit and loss account		1287.58		(1092.38)
Schedule 15 - Employee costs				
Salaries, wages and bonus		6298.90		4889.45
Gratuity		152.49		231.64
Company's contribution to provident fund and other funds		448.52		386.25
Staff welfare		792.13		698.82
Voluntary retirement compensation		351.65		-
Per profit and loss account		8043.69		6206.16

**SCHEDULES 13 TO 18 ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)**

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs.lacs
Schedule 16 - Repairs		
Plant and machinery	166.29	118.25
Buildings	164.68	34.60
Others	175.33	133.69
Per profit and loss account	506.30	286.54
Schedule 17 - Other expenses		
Insurance	50.14	54.17
Rent	26.39	16.19
Rates and taxes	77.56	47.07
Legal and professional fees	287.69	175.72
Directors' fees	2.30	2.00
Commission on sales	275.65	229.53
Travelling and conveyance	492.95	422.94
Postage, telephone and fax	65.35	94.16
Bank charges	109.23	157.33
Cash discount on sales	106.08	74.99
Advertisement and publicity	84.34	104.70
Forwarding charges	1248.86	690.43
Bad debts written off	0.87	13.04
Provision for doubtful debts	50.41	101.13
Lease rent	43.14	32.43
IT expenses	109.83	184.20
Excise duty on Increase/ (decrease) in stock of finished goods	83.15	(62.01)
Foreign exchange Loss	43.60	-
Loss on sale of fixed assets (net)	2.14	-
Miscellaneous	699.92	533.02
Per profit and loss account	3859.60	2871.04
Schedule 18 - Interest (net)		
On fixed loans	502.07	558.25
On others	21.86	257.67
	523.93	815.92
Less : Interest income (gross) on Inter-corporate deposits	21.30	49.05
[Tax deducted at source Rs. 2.13 lacs (31.03.2010 Rs. 20 lacs)]	502.63	766.87

Schedule 19 - Significant accounting policies annexed to and forming part of the balance sheet as at 31st March, 2011 and the profit and loss account for the year ended on that date

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 and net realisable value. Material costs included in the valuation of stock-in-trade are determined on the

Schedule 19 - Significant accounting policies annexed to and forming part of the balance sheet as at 31st March, 2011 and the profit and loss account for the year ended on that date (Contd.)

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 return.

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 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.

Schedule 19 - Significant accounting policies annexed to and forming part of the balance sheet as at 31st March, 2011 and the profit and loss account for the year ended on that date (Contd.)

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 and deferred 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.

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, 2011 and the profit and loss account for the year ended on that date

	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs.lacs
1. Contingent liabilities not provided for:		
a) Income Tax	812.00	378.92
b) Sales tax	118.08	118.08
c) Customs duty	158.87	158.87
d) Bank guarantees	3.75	13.15
e) Stand by letter of credit given to bank on behalf of a subsidiary company	981.20	-
f) Corporate guarantees issued on behalf of subsidiary companies.	1899.85	1770.28
The Company is in further appeal in respect of matters stated in a) to c) above.		
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	5258.90	625.77
	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs.lacs
3. The amount of exchange differences (net):		
i) (credited) / debited to the profit and loss account is	43.60	(170.67)
ii) added to/(deducted from) the carrying amount of fixed assets is	67.85	(153.01)
4. 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.		
	Year ended 31.3.2011 Rs. lacs	Year ended 31.3.2010 Rs. lacs
5. Expenditure on Research and Development :		
a) Charged to the profit and loss account	352.60	283.53
b) Capitalized to fixed assets	19.56	35.10
6. 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.		

**Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2011
and the profit and loss account for the year ended on that date (Contd.)**

7. Related party disclosures

(i) Names of related parties and nature of relationship

Sr. no	Names of related parties	Nature of relationship
(a)	SNL Bearings Limited	Subsidiary company
(b)	NRB Bearings (Thailand) Limited	Subsidiary company
(c)	Schneeberger India Private Limited	A Joint Venture of the Company
(d)	Mr. T. S. Sahney, Executive Chairman	Individual having substantial interest in the voting power and the power to direct by agreement, the financial and operating policies of the company.
(e)	Ms. H. S.Zaveri, Managing Director	Key management personnel
(f)	Mr. D. S. Sahney, Whole time Director	Key management personnel
(g)	New Indo Trading Company	A firm where executive chairman is a partner
(h)	Mrs. H. K. Sahney	Relative of executive chairman

(ii) Transactions with related parties

Name of the related parties	Nature of transaction	Volume of transactions Rs. lacs	Receivable As at 31.03.11 Rs. lacs	Payable As at 31.03.11 Rs. lacs
SNL Bearings Limited	ICDs repaid	100.00 (150.00)	200.00 (300.00)	-
	ICDs Given	- (150.00)		(-)
	Interest received on ICDs	21.30 (49.05)		-
	Sale of raw materials	5.50 (4.25)	- (-)	(-)
	Purchase of raw materials components, etc.	983.98 (695.87)		174.31 (76.85)
	Proceeds from redemption of cumulative redeemable preference shares	200.00 (-)		-
	Guarantee given by NRB Bearings Ltd.	140.00 (210.00)	350.00 (210.00)	(-)
NRB Bearings (Thailand) Limited	Advances Repaid	19.65 (1.20)	23.37 (22.02)	-
	Advance given	21.00 (-)		(-)
	Sale of finished goods raw materials etc	560.02 (234.14)	583.60 (213.70)	-
	Purchase of stores and spares	89.45 (83.49)	- (-)	32.85 (15.33)
	Stand by letter of credit given by NRB Bearings Ltd.	981.20 (-)	981.20 (-)	-
	Guarantees given by NRB Bearings Ltd.	- (-)	1549.85 (1560.28)	-
				(-)

Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2011 and the profit and loss account for the year ended on that date (Contd.)

7. (contd.)

- Mr. T. S. Sahney	Remuneration	145.27 (127.85)	- (-)	49.50 (41.00)
- Ms. H. S. Zaveri	Remuneration	120.87 (91.83)	- (-)	22.26 (17.10)
- Mr. D. S. Sahney	Remuneration	74.75 (61.82)	- (-)	14.64 (12.00)
New Indo Trading Company	Service charges paid	5.60 (2.87)	- (-)	- (0.77)
Mrs. H. K. Sahney	Sale of tenancy rights	222.00 (-)	- (-)	- (-)
Schneeberger India Private Limited	Reimbursement of Expenses	7.95 (8.03)	- (-)	- (-)
	Rent Received	4.51 (4.70)	- (-)	- (-)

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

Name	Balance as at 31st March, 2011	Maximum amount outstanding during the year ended 31st March, 2011
	Rs.lacs	Rs.lacs
Loans and advances in the nature of loans to subsidiary companies-		
a) SNL Bearings Limited	300.00 (300.00)	300.00 (450.00)
b) NRB Bearings (Thailand) Limited	23.37 (22.02)	40.69 (25.09)

Notes:

- Figures in brackets are in respect of the previous year.
- 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.
- Dividend paid and issue of bonus shares have not been considered by the company as a transaction falling under the purview of Accounting Standard 18 "Related Party Disclosures".

8. The company has taken certain vehicles on operating lease. Lease rentals charged to the profit and loss account for the year ended 31st March, 2011 aggregated Rs. 43.14 lacs (for the year ended 31.03.2010: Rs.32.43 lacs). The minimum lease payments to be made in future as at the year end, in respect of non-cancellable leases are as follows:

	Rs. lacs
(i) For a period not later than one year	28.52 (35.55)
(ii) For a period later than one year and not later than five years	27.14 (27.60)
(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 balance sheet as at 31st March, 2011 and the profit and loss account for the year ended on that date (Contd.)

9. Values used in calculating Earnings Per Share

	Year ended 31.03.2011	Year ended 31.03.2010
(i) Numerator: Profit after tax (Rs.in lacs)	5391.52	2440.89
(ii) Denominator: Number of Equity shares	96,922,600	96,922,600

The Company has allotted bonus shares in the ratio of 1:1 based on the shareholdings as per record date of 6th September, 2010 by capitalising the Share Premium Account. This has resulted in increase in issued and paid up equity share capital from Rs. 969.23 lacs to Rs.1938.45 lacs. Accordingly, the Earnings Per Share for the year ended 31st March, 2010 have been restated to give the effect of bonus shares in accordance with Accounting Standard 20 (AS 20) - 'Earnings per share'.

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
10. (a) Directors' remuneration		
Whole-time directors*		
Salary	123.30	103.20
Commission	86.40	70.10
Contribution to provident fund and other funds	29.41	23.90
Other perquisites	101.78	84.30
	340.89	281.50
Non-whole time directors		
Directors' fees	2.30	2.00
Commission	5.00	5.00
	348.19	288.50

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

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
(b) Commission payable to the Directors:		
Profit before tax	7964.60	3714.96
Add: i) Whole-time Directors' remuneration	340.89	281.50
ii) Directors' sitting fees	2.30	2.00
iii) Commission to non-whole time Directors	5.00	5.00
iv) Provision for doubtful debts	50.41	101.13
Net profit	8363.20	4104.59

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

86.40 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 5.00

Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2011 and the profit and loss account for the year ended on that date (Contd.)

11 Components of deferred tax:

Rs.lacs			
Nature of timing difference	Deferred tax asset/(liability) As at 31.03.2010	Credit/ (charge) for the year	Deferred tax asset/(liability) As at 31.03.2011
(a) Deferred tax liability			
Depreciation	(1550.81)	(15.55)	(1566.36)
Sub – total	(1550.81)	(15.55)	(1566.36)
(b) Deferred tax asset			
Provision for doubtful debts	161.52	9.02	170.54
Voluntary retirement compensation	-	114.09	114.09
Provision for compensated absences	109.39	12.32	121.71
Sub-total	270.91	135.43	406.34
Net amount	(1279.90)	119.88	(1160.02)

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

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs.lacs
Audit fees	19.00	17.50
Report under section 44AB of the Income-tax Act, 1961	2.50	2.00
Taxation matters	5.01	0.84
Other services	15.00	10.00
Reimbursement of expenses	0.13	0.36

13.a) Raw materials, components and packing materials consumed:

		Year ended 31.03.2011		Year ended 31.03.2010
Unit	Quantity	Value Rs. lacs	Quantity	Value Rs.lacs
Raw materials:				
Steel	Tonnes	10631	8850	8164.77
Brass	"	141	136	190.81
Sub - total		11394.55		8355.58
Components	Nos. in 000s	293830	152940	2815.20
Sub - total		4762.42		2815.20

Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2011 and the profit and loss account for the year ended on that date (Contd.)

			Year ended 31.03.2011		Year ended 31.03.2010
	Unit	Quantity	Value Rs. lacs	Quantity	Value Rs.lacs
Packing materials :	*	*	1044.44	*	686.88
* diverse quantitative units					
Grand total			17201.41		11857.66
Of which		%	Value Rs.lacs	%	Value Rs.lacs
Imported		28	4803.43	29	3434.77
Indigenous		72	12397.98	71	8422.89
Total		100	17201.41	100	11857.66

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

(b) Purchase of traded goods:

			Year ended 31.03.2011		Year ended 31.03.2010
	Unit	Quantity	Value Rs. lacs	Quantity	Value Rs.lacs
Lubricant	Nos. in 000s	268	116.09	-	-
Total			116.09	-	-

14. Stores and spares consumed:

			Year ended 31.03.2011		Year ended 31.03.2010
		%	Value Rs. lacs	%	Value Rs. lacs
Imported		16	696.89	12	437.33
Indigenous		84	3732.60	88	3135.43
		100	4429.49	100	3572.76

Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2011 and the profit and loss account for the year ended on that date (Contd.)

15. Capacity and Production:

	Unit	Installed capacity (per annum)		Production	
		As at 31.03.2011	As at 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
Loose Needle Rollers	Nos.in 000s	5753120	3429120	3022255	2251647
Needle Roller Bushes and Cages	"	82294	67294	68579	50903
Ball and Roller Bearings	"	44630	31930	34588	24301
Automobile Components	"	6000	5000	4879	3638

- Notes: i) Licenced capacity has not been shown as the industry has been delicensed.
ii) Installed capacity is as certified by the 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 – 1921534 Nos. in thousands (for the year ended 31.03.2010: 1511433 Nos. in thousands)
(b) Needle Roller Bushes and Cages – 1795 Nos. in thousands (for the year ended 31.03.2010: 1794 Nos. in thousands)

16. Sales (net of excise duty):

	Unit	Quantity	Year ended 31.03.2011	Quantity	Year ended 31.03.2010
			Value Rs.lacs		Value Rs.lacs
Loose Needle Rollers	Nos.in 000s	1093180	2483.14	749889	1730.95
Needle Roller Bushes and Cages	"	65037	18564.22	49504	14596.65
Ball and Roller Bearings	"	33291	20685.72	24611	16227.49
Automobile Components	"	4770	4790.10	3829	2105.43
Traded goods - Lubricant	"	243	112.95	-	-
Total			46636.13		34660.52

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, 2011 and the profit and loss account for the year ended on that date (Contd.)

17. Closing stock of finished goods:

	Unit	As at 31.03.2011		As at 31.03.2010		As at 31.03.2009	
		Quantity	Value Rs.lacs	Quantity	Value Rs. lacs	Quantity	Value Rs.lacs
Loose Needle Rollers	Nos.in 000s	188226	291.71	180685	275.90	190360	377.37
Needle Roller Bushes and Cages	"	8471	1363.49	6724	941.60	7119	1205.46
Ball and Roller Bearings	"	3532	1942.39	2235	1727.32	2545	2520.30
Automobile Components	"	428	317.52	319	112.56	510	239.62
Traded goods - Lubricant		25	13.29	-	-	-	-
Total			3928.40		3057.38		4342.75

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.

	Year ended 31.03.2011 Rs.lacs	Year ended 31.03.2010 Rs.lacs
18. C.I.F. value of imports:		
i) Raw materials and components	4968.51	3097.85
ii) Stores and spares	715.92	618.38
iii) Capital goods	2186.89	711.93
19. Expenditure in foreign currency:		
i) Foreign travel	118.29	66.02
ii) Commission on exports	40.37	46.11
iii) Interest	97.35	202.75
iv) Salary	87.24	95.35
v) Professional fees	28.07	19.76
20. Earnings in foreign exchange:		
i) Export of goods calculated on F.O.B. basis	4058.52	2645.03
ii) Reimbursement of insurance and freight on exports	384.00	61.87
iii) Agency commission	48.86	49.22

Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2011 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, 2011:

<u>Currency</u>	<u>Amount in foreign currency</u>	<u>Buy/Sell</u>	<u>Cross Currency</u>
USD	- (86,000)	- (Buy)	- (INR)
JPY	- (117,561,326)	- (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	:	545,652 (788,164)
Equivalent rupees at year end rate	:	243.36 lacs (382.26 lacs)
Principal amount in Yen (cross currency swap in US Dollars)	:	232,449,456 (335,760,324)
Equivalent dollars at year end rate	:	2,347,497 (3,152,679)

- iii) Foreign currency exposures that have not been hedged by a derivative instrument or otherwise outstanding as at 31.03.2011:

- 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	3,332,198 (1,716,952)	1485.83 (770.74)
	EURO	1,858,278 (1,646,627)	1178.15 (998.84)
	CHF	- (5,812)	- (2.47)
	GBP	- (16,578)	- (11.30)

Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2011 and the profit and loss account for the year ended on that date (Contd.)

b) Amounts payable in foreign currency :

Purpose	Currency	Amount	Equivalent Rs. lacs as at the year end
Import of goods	JPY	110,154,405 (24,520,667)	593.18 (118.48)
	EURO	1,072,971 (628,945)	680.59 (381.77)
	USD	45,917 (1,316,487)	20.48 (591.10)
	GBP	1,304 (-)	0.94 (-)
	CHF	34 (3,589)	0.02 (1.53)
	THB	2,228,780 (828,280)	32.87 (11.50)
Capital Imports	JPY	332,582,196 (80,756,882)	1,790.95 (390.22)
	GBP	- (21,750)	- (14.83)
Loans payable	USD	2,347,497 (2,278,515)	1,046.98 (1,023.05)

iv) 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:

	Year ended 31.03.2011 Rs. Lacs	Year ended 31.03.2010 Rs. Lacs
i) Employer's Contribution to Provident Fund	234.90	170.43
ii) Employer's Contribution to Family Pension Fund	70.76	86.14
iii) Employer's Contribution to Superannuation Fund	94.82	89.90

Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2011 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)

Particulars	As at 31st March, 2011 Rs. Lacs	As at 31st March, 2010 Rs. Lacs
i) Components of employer expenses		
a) Current Service cost	67.03	53.38
b) Interest cost	100.51	73.99
c) Expected return on plan assets	(88.63)	(78.24)
d) Actuarial Losses/ (Gains)	73.58	27.19
e) Past Service cost- Vested Benefit	-	155.32
Total expenses recognised in the Profit and Loss Account	152.49	231.64
ii) Actual Contribution and Benefit Payments for year		
a) Actual benefit payments	102.61	30.15
b) Actual Contributions	130.00	105.00
iii) Change in Defined Benefit Obligations (DBO) during the year		
a) Present Value of DBO at the beginning of the year	1,232.88	886.53
b) Current Service cost	67.03	53.38
c) Past Service cost- Vested Benefit	-	155.32
d) Interest cost	100.51	73.99
e) Actuarial Losses/ (Gains)	62.13	93.81
f) Benefits paid	(102.61)	(30.15)
Present Value of DBO at the end of the year	1,359.94	1,232.88
iv) Change in Fair Value of Assets during the year		
a) Plan assets at beginning of the year	1,107.83	888.12
b) Expected return on plan assets	88.63	78.24
c) Actuarial (Losses)/ Gains	(11.45)	66.62
d) Actual Company contributions	130.00	105.00
e) Fair Value of benefits paid	(102.61)	(30.15)
Fair value of plan assets at the end of year	1,212.40	1,107.83
v) Contribution expected to be paid next year	94.69	58.94
vi) Actuarial Assumptions		
a) Discount Rate	8.25%	8.00%-8.25%
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, 2011 and the profit and loss account for the year ended on that date (Contd.)

Particulars	As at 31st March, 2011 Rs. Lacs	As at 31st March, 2010 Rs. Lacs	As at 31st March, 2009 Rs. Lacs	As at 31st March, 2008 Rs. Lacs
viii) Net asset/(liability) recognised in Balance Sheet				
a) Defined Benefit Obligation	(1,359.94)	(1,232.88)	(886.53)	(754.12)
b) Fair Value of Plan assets	1,212.40	1,107.83	888.12	751.06
c) Net asset/(liability) recognised in balance sheet	(147.54)	(125.05)	1.59	(3.06)
d) Experience adjustment arising on :				
1) Plan Liabilities [Losses / (Gains)]	(32.42)	97.54	87.62	72.66
2) Plan Assets [(Losses) / Gains]	(11.45)	66.62	(96.73)	(5.88)

Notes:

- i) Accounting Standard 15 (Revised 2005) "Employee Benefits" requires the disclosure of the above information mentioned under 2(a)(viii) above related to 'Net Asset / (Liability) recognised in balance sheet' for the past four years; however the information is available only for past three 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 recognised in the statement of profit and loss account for the year, under employee cost, in Schedule 15, is Rs 218.64. Lacs (for the year ended 31.03.2010 : Rs. 112.86 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 2010 is given below :

Name of The Joint venture company	Percentage of holding	Assets	Liabilities	Income	Expenditure
Schneeberger India Private Limited (incorporated in India)	45% (45%)	31.02 (15.72)	# 16.11 (3.45)	40.63 (17.43)	14.75 (12.37)

There are no capital commitment and no contingent liabilities.

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

net after deducting shareholders' funds

Schedule 20 - Notes annexed to and forming part of the balance sheet as at 31st March, 2011 and the profit and loss account for the year ended on that date (Contd.)

25. The following current investments were purchased and sold during the year.

Name of mutual fund	No of units	Cost of acquisition Rs. lacs
1. Birla sun life cash plus-Instl. Prem.-daily dividend-reinvestment	58,920,888	5903.58
2. Birla sun life cash manager-Instl. Prem.-daily dividend-reinvestment	14,031,704	1403.59
3. Birla sun life savings fund-Instl. Prem.-daily dividend-reinvestment	23,523,371	2353.94

26. 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
Executive Chairman

K. M. Elavia

K. S. Pant

H. S. Zaveri
Managing Director & President

P.D. Ojha
Directors

Jyotsna Sharma
Chief Financial Officer

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

Mumbai : May 30, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. ---13251

State Code 11

Balance Sheet Date 31 03 2011
Date Month Year

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

Public Issue	Right Issue	Bonus Issue	Private Placement
- - N I L - -	- - N I L - -	- - 9 6 9 2 2	- - N I L - -

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

	Total Liabilities 3 2 7 7 0 7 4	Total Assets 3 2 7 7 0 7 4
Sources of Fund	Paid -Up Capital 1 9 3 8 4 5	Reserves & Surplus 1 9 9 6 1 1 7
	Secured Loans 5 5 2 6 3 0	Unsecured Loans 4 1 8 4 8 0
Application of Funds	Net Fixed Assets 1 8 2 6 6 4 9	Deferred Tax Liability 1 1 6 0 0 2
	Investments 1 6 5 7 6 5	Net Current Assets 1 2 8 4 6 6 0
	Miscellaneous Expenses - - N I L - -	Accumulated Losses - - N I L - -

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

	Turnover incl. Other Income 4 7 5 5 2 1 3	Total Expenditure 3 9 5 8 7 5 3
(+ for Profit, - for Loss) <input checked="" type="checkbox"/> + <input type="checkbox"/> -	Profit before Tax 7 9 6 4 6 0	Profit after Tax 5 3 9 1 5 2
	Earning Per Share in Rs. 5 . 5 6	Dividend Rate % 1 0 0

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	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	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
Executive Chairman

K. M. Elavia

K. S. Pant

H. S. Zaveri
Managing Director & President

P. D. Ojha
Directors

Jyotsna Sharma
Chief Financial Officer

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

Mumbai : May 30, 2011

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

	SNL BEARINGS LTD	NRB BEARINGS (THAILAND) LTD
A. The Financial Year of the Subsidiary Company	31st March, 2011	31st March, 2011
B. (a) Number of Shares held by Holding Company at the end of the financial year of the Subsidiary Company	26,52,762 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	73.45%	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, 2011	Rs. 381.71 lacs	(16479.44) THB'000
(b) For the previous financial year	Rs. 5.12 lacs	(19805.92) 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, 2011	Nil	Nil
(b) For all previous financial years	Nil	Nil

T. S. Sahney
Executive Chairman

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

H. S. Zaveri
Managing Director & President

P. D. Ojha
Directors

Jyotsna Sharma
Chief Financial Officer

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

Mumbai : May 30, 2011

ABRIDGED ACCOUNTS OF SUBSIDIARY COMPANIES
SNL BEARINGS LIMITED
Rs. Lacs

ABRIDGED BALANCE SHEET AS ON 31ST MARCH		
	2011	2010
Liabilities		
Capital	1161.15	1361.15
Reserves & Surplus	215.03	15.03
Loan funds	200	371.91
Other liabilities and provisions	350.94	164.16
Total	1927.12	1912.25
Assets		
Fixed assets (net)	296.91	322.17
Current assets	991.22	769.38
Profit & loss account	638.99	820.70
Total	1927.12	1912.25

ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH		
	2011	2010
Income		
Sales (Net)	1744.80	1299.46
Other income	16.76	37.39
Stocks increase/(decrease)	(17.28)	(67.89)
Total	1744.28	1268.96
Expenditure		
Materials consumed	564.97	387.72
Operating expenses	154.10	112.20
Adm. & other exps	466.21	648.03
Depreciation	47.39	47.30
Interest	30.86	63.05
Total	1263.53	1258.30
Profit/(Loss) before tax	480.75	10.66
Provision for taxation	99.04	5.54
Profit/(Loss) after tax	381.71	5.12

NRB BEARINGS (THAILAND) LTD.
THB'000

ABRIDGED BALANCE SHEET AS ON 31ST MARCH		
	2011	2010
Liabilities		
Capital	50000.00	50000.00
Reserves & Surplus	-	-
Loan funds	116021.45	92686.65
Other liabilities and provisions	44439.40	17295.93
Total	210460.85	159982.58
Assets		
Fixed assets (net)	100493.61	90618.25
Current assets	44627.80	20504.34
Profit & loss account	65339.44	48859.99
Total	210460.85	159982.58

ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH		
	2011	2010
Income		
Sales (Net)	43742.77	23286.90
Other income	14.38	18.40
Total	43757.15	23305.30
Expenditure		
Materials consumed	33431.26	18380.49
Operating expenses	299.58	313.31
Adm. & other exps	16587.70	14997.23
Depreciation	5440.29	5122.78
Interest	4477.76	4297.41
Total	60236.59	43111.22
Profit/(Loss) before tax	(16,479.44)	(19,805.92)
Provision for taxation	-	-
Profit/(Loss) after tax	(16,479.44)	(19,805.92)

Exchange Rate 31/03/2011 : THB INR 1.48

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011

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, 2011, 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. 2138.94 lacs as at 31st March, 2011, total revenue of Rs. 641.22 lacs and net cash inflows of Rs. 207.98 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. 31.02 lacs as on 31st December, 2010, total revenue of Rs. 40.63 lacs and net cash inflow of Rs.9.66 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. 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, 2011;
 - (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 Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

A. C. Khanna
Partner

(Membership No.17814)

Mumbai: May 30, 2011

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.	Rs.lacs	As at 31.03.2011 Rs.lacs	Rs.lacs	As at 31.03.2010 Rs.lacs
I. SOURCES OF FUNDS:					
1) Shareholders' funds:					
a) Share capital	1		1938.45		969.23
b) Reserves and surplus	2	18767.66		16665.28	
Minority interest					
(i) Share capital		95.88		112.74	
(ii) Reserves and surplus					
- Brought forward balance		(251.53)		(253.13)	
- Transferred to majority interest on acquisition		19.79		-	
- Transferred from profit & loss account		119.19		1.60	
		(112.55)		(251.53)	
Adjusted against majority interest		(16.67)		(138.79)	
			18750.99		16526.49
			20689.44		17495.72
2) Loan funds:					
a) Secured loans	3	6498.16		3712.30	
b) Unsecured loans	4	4899.68		5897.57	
			11397.84		9609.87
3) Deferred tax liability (net) (see Note 11 on Schedule 20)			1160.07		1279.93
Total			33247.35		28385.52
II. APPLICATION OF FUNDS:					
1) Fixed assets:	5				
a) Gross block		42308.77		38256.33	
b) Less: depreciation		23900.54		21496.37	
c) Net block		18408.23		16759.96	
d) Capital work in progress and advances for capital expenditure		1567.53		136.27	
			19975.76		16896.23
2) Goodwill arising on consolidation			47.75		-
3) Investments	6		7.09		7.09
4) Current assets, loans and advances:					
a) Inventories	7	11237.74		8663.07	
b) Sundry debtors	8	10252.50		7460.69	
c) Cash and bank balances	9	914.33		550.34	
d) Loans and advances	10	3122.23		2180.72	
		25526.80		18854.82	
Less: Current liabilities and provisions:					
a) Current liabilities	11	9405.54		5578.84	
b) Provisions	12	2904.51		1793.78	
		12310.05		7372.62	
Net current assets			13216.75		11482.20
Total			33247.35		28385.52
Significant accounting policies	19				
Notes to the consolidated accounts	20				
In terms of our report attached					
For For Deloitte Haskins & Sells		For and on behalf of the Board of Directors			
Chartered Accountants		T. S. Sahney Executive Chairman	K. M. Elavia	K. S. Pant	
A. C. Khanna Partner		H. S. Zaveri Managing Director & President	P. D. Ohja Directors	S. C. Rangani Sr. V P & Company Secretary	
Mumbai: May 30, 2011		Jyostna Sharma Chief Financial Officer	Mumbai : May 30, 2011		

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule No.	Rs.lacs	Year ended 31.03.2011 Rs.lacs	Rs.lacs	Year ended 31.03.2010 Rs.lacs
INCOME					
Sales (Gross)		51682.28		38012.96	
Less: Excise duty		4342.28		2744.72	
			47340.00		35268.24
Other income	13		969.09		915.54
			48309.09		36183.78
Increase/(Decrease) in stock of work-in-progress and finished goods	14		1342.54		(1064.63)
			49651.63		35119.15
EXPENDITURE					
Raw materials, components and packing materials consumed			16679.60		11566.14
Purchase of traded goods			116.09		-
Stores and spares consumed			4465.08		3576.79
Processing charges			2147.09		1718.12
Power and fuel			1896.27		1591.42
Employee costs	15		8539.30		6907.33
Repairs	16		567.73		314.68
Other expenses	17		4083.31		3036.25
Depreciation	5		2403.04		2063.62
Interest	18		599.11		890.46
			41496.62		31669.81
			8155.01		3454.34
PROFIT BEFORE TAX					
Provision for taxation					
- Current tax		2758.04		1253.27	
- In respect of earlier years		43.96		3.84	
- Deferred tax		(119.86)		24.08	
			2682.14		1281.19
PROFIT AFTER TAX			5472.87		2173.15
Parent company's share			5353.68		2171.55
Minority			119.19		1.60
Add: Balance brought forward			1543.02		1079.87
AVAILABLE FOR APPROPRIATIONS			6896.70		3251.42
LESS: APPROPRIATIONS:					
Proposed final dividend			1938.45		969.23
Additional income-tax on distributed profits			316.34		161.40
Transfer to general reserve			540.73		244.44
Transfer to capital redemption reserve			200.00		-
Transfer to debenture redemption reserve			-		333.33
			2995.52		1708.40
BALANCE CARRIED TO CONSOLIDATED BALANCE SHEET			3901.18		1543.02
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]			Rs.5.52		Rs.2.24

In terms of our report attached

For For Deloitte Haskins & Sells
Chartered Accountants

A. C. Khanna
Partner

Mumbai: May 30, 2011

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

H. S. Zaveri
Managing Director & President

Jyostna Sharma
Chief Financial Officer

K. M. Elavia **K. S. Pant**
P. D. Ohja
Directors

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

Mumbai : May 30, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Rs.lacs	Year ended 31.03.2011 Rs.lacs	Rs.lacs	Year ended 31.03.2010 Rs.lacs
A. CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT BEFORE TAX		8155.01		3454.34
Adjustments for:				
Depreciation	2403.04		2063.62	
Foreign exchange gain unrealised	(34.28)		(59.22)	
Interest expenditure (net)	599.11		890.46	
Dividend income	(20.06)		(2.92)	
(Profit) / loss on sale of fixed assets (net)	4.26		(198.53)	
Provision for compensated absences	39.19		65.06	
Provision for doubtful debts	28.90		101.13	
Provision for gratuity	36.18		114.95	
Foreign currency translation	(7.16)		(3.68)	
		3049.18		2970.87
		11204.19		6425.21
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS				
Changes in:				
- Trade and other receivables	(3431.12)		(534.73)	
- Inventories	(2574.67)		898.41	
- Trade payables	1996.28		2006.24	
		(4009.51)		2369.92
NET CASH GENERATED FROM OPERATIONS		7194.68		8795.13
Direct taxes paid (net of refund)		(3188.07)		(1204.16)
NET CASH FROM OPERATING ACTIVITIES		4006.61		7590.97
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of fixed assets (including adjustments on account of capital advances)		(3586.97)		(1374.79)
Sale of fixed assets		3.29		214.74
Purchase of additional shares in subsidiary		(64.95)		-
Dividend income		20.06		2.92
NET CASH USED IN INVESTING ACTIVITIES		(3628.57)		(1157.13)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from borrowings		7874.74		14964.75
Repayment of borrowings		(6541.98)		(15187.90)
Increase / (Decrease) in cash credit		387.37		(4353.84)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd.)

	Rs.lacs	Year ended 31.03.2011 Rs.lacs	Rs.lacs	Year ended 31.03.2010 Rs.lacs
Interest paid		(603.87)		(851.02)
Dividend paid		(968.91)		(774.96)
Additional Income tax on distributed profits		(161.40)		(132.40)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		(14.05)		(6335.37)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		363.99		98.47
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE YEAR				
the components being:				
Cash on hand	5.11		5.58	
Cheques on hand	135.43		287.46	
Balances with banks in current accounts	398.55		145.33	
Balances with banks in fixed deposit account	11.25		13.50	
		550.34		451.87
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR				
the components being:				
Cash on hand	4.40		5.11	
Cheques on hand	49.03		135.43	
Balances with banks in current accounts	849.65		398.55	
Balances with banks in fixed deposit account	11.25		11.25	
		914.33		550.34
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE		363.99		98.47

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 Deloitte Haskins & Sells
Chartered Accountants

T. S. Sahney
Executive Chairman

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

H. S. Zaveri
Managing Director & President

P. D. Ohja
Directors

A. C. Khanna
Partner
Mumbai: May 30, 2011

Jyostna Sharma
Chief Financial Officer

S. C. Rangani
Sr. V P & Company Secretary
Mumbai : May 30, 2011

SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	As at 31.03.2011 Rs.lacs	As at 31.03.2010 Rs.lacs
Schedule 1 - Share capital		
Authorised:		
100,000,000 (as at 31.03.2010 50,000,000)		
Equity shares of Rs.2 each	2000.00	1000.00
Issued and subscribed:		
96,922,600 (as at 31.03.2010 48,461,300)		
Equity shares of Rs.2 each fully paid-up	1938.45	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) 90,024,600 (as at 31.03.2010 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, capital reserve and share premium account.		
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 1, 1991.		
Per consolidated balance sheet	1938.45	969.23
Schedule 2 - Reserves and surplus		
Capital reserve:		
Per last balance sheet	25.00	25.00
Capital reserve arising on consolidation:		
Per last balance sheet	20.13	20.13
Less: Adjusted with goodwill arising on consolidation during the year	20.13	-
Share premium:		
Per last balance sheet	1214.94	1214.94
Less: Capitalisation by way of bonus issue	969.22	245.72
Capital Redemption reserve :		
Transferred from consolidated profit and loss account	200.00	-
Debenture Redemption reserve :		
Per last balance sheet	333.33	-
Transferred from consolidated profit and loss account	-	333.33
General reserve:		
Per last balance sheet	13445.63	13201.19
Add: Transferred from consolidated profit and loss account	540.73	13986.36
Foreign currency translation reserve:		
Per last balance sheet	83.23	86.91
Less: For the year	7.16	76.07
Surplus being balance in consolidated profit and loss account	3901.18	1543.02
Per consolidated balance sheet	18767.66	16665.28

SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

	As at 31.03.2011 Rs.lacs	As at 31.03.2010 Rs.lacs
Schedule 3 - Secured loans		
a) From Banks:		
i) Cash credits	474.67	87.30
ii) Term loans in Foreign Currency	1251.63	1622.26
iii) Term loans	971.86	2.74
iv) Short term loan	1800.00	-
b) Non-convertible debentures	2000.00	2000.00
Per consolidated balance sheet	6498.16	3712.30

1. 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.
2. 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.
3. Term Loans (a)(iii) is secured by hypothecation of / charge on specified plant and machinery (previous year: secured by hypothecation of / charge on companys vehicles specifically purchased under the loan).
4. Short term loan (a)(iv) is secured by hypothecation of stocks and book debts on pari passu basis.
5. 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.

	As at 31.03.2011 Rs.lacs	As at 31.03.2010 Rs.lacs
Schedule 4 - Unsecured loans		
a. Short term loans from banks	2214.88	1764.47
b. Other loans and advances Interest free Sales tax loan	1684.80	1633.10
c. Commercial Papers	1000.00	2500.00
Per consolidated balance sheet	4899.68	5897.57

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, 2011 (contd.)
Schedule 5 - Fixed Assets

Description	GROSS BLOCK - AT COST					DEPRECIATION					NET BLOCK	
	Opening Balance As at 01.04.10	Additions	Foreign currency translation reserve	On deductions	Closing Balance As at 31.03.11	Opening Balance As at 01.04.10	For the year	Foreign currency translation reserve	On deductions	Closing Balance As at 31.03.11	As at 31.03.11	As at 31.03.10
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
A. Tangible Assets												
Freehold land	205.83	-	8.99	-	214.82	-	-	-	-	-	214.82	205.83
Leasehold land	177.42	-	-	-	177.42	9.82	1.96	-	-	11.78	165.64	167.60
Buildings and flats	4083.87	526.31	30.24	-	4640.42	1163.63	128.35	3.63	-	1295.61	3344.81	2920.24
Plant and machinery	30556.15	3238.09	40.24	-	33834.48	18400.61	2036.66	3.12	-	20440.39	13394.09	12155.54
Furniture, fixtures and equipment	1526.88	66.98	2.98	-	1596.84	1014.85	89.19	1.29	-	1105.33	491.51	512.03
Electrical installations	958.85	0.94	2.99	-	962.78	496.21	43.39	0.84	-	540.44	422.34	462.64
Vehicles	490.85	25.88	-	15.47	501.26	218.54	43.22	-	7.92	253.84	247.42	272.31
Sub Total (A)	37999.85	3858.20	85.44	15.47	41928.02	21303.66	2342.77	8.88	7.92	23647.39	18280.63	16696.19
B. Intangible Assets												
Computer software	256.48	123.72	0.55	-	380.75	192.71	60.27	0.17	-	253.15	127.60	63.77
Sub Total (B)	256.48	123.72	0.55	-	380.75	192.71	60.27	0.17	-	253.15	127.60	63.77
Total (A) + (B)	38256.33	3981.92	85.99	15.47	42308.77	21496.37	2403.04	9.05	7.92	23900.54	18408.23	
Previous year	37068.05	1278.16	(43.37)	46.51	38256.33	19466.26	2063.62	(3.21)	30.30	21496.37		16759.96
Capital Work in Progress											294.85	50.91
Advances for capital expenditure											1272.68	85.36
Per consolidated balance sheet											1567.53	136.27
											19975.76	16896.23

Notes:

Buildings and flats include:

- Shares in respect of residential premises of a cost of Rs.481.86 lacs (as at 31.03.2010 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, 2011 (contd.)

	As at 31.03.2011 Rs.lacs	As at 31.03.2010 Rs.lacs
Schedule 6 - Investments		
1. Long term (at cost)		
A. Non-trade (unquoted)		
i) Shares	1.00	1.00
ii) Mutual fund	5.00	5.00
	6.00	6.00
B. Trade (quoted)		
i) Shares	1.09	1.09
Per consolidated balance sheet	7.09	7.09
Aggregate amount of quoted investments [market value Rs. 131.25 lacs (as at 31.03.2010: Rs. 139.96 lacs)]	1.09	1.09
Aggregate amount of unquoted investments	6.00	6.00
	7.09	7.09
Schedule 7 - Inventories		
(at lower of cost and net realisable value, as certified by the Managing Director)		
Stores and spare parts	1051.44	735.47
Stock-in-trade		
Raw materials, bought out components and packing materials	2890.10	1973.94
Manufactured components	876.13	750.56
Work-in-progress	2129.19	1861.18
Finished goods	4290.88	3341.92
Per consolidated balance sheet	11237.74	8663.07
Schedule 8 - Sundry debtors		
Over six months		
Secured, considered good	5.66	0.28
Unsecured, considered good	1382.71	1068.57
Unsecured, considered doubtful	558.00	524.89
	1946.37	1593.74
Others		
Secured, considered good	126.64	85.85
Unsecured, considered good	8737.49	6305.99
Unsecured, considered doubtful	-	4.21
	8864.13	6396.05
Provision for doubtful debts	10810.50	7989.79
	558.00	529.10
Per consolidated balance sheet	10252.50	7460.69

SCHEDULES 1 TO 12 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011 (contd.)

	As at 31.03.2011 Rs.lacs	As at 31.03.2010 Rs.lacs
Schedule 9 - Cash and bank balances		
Cash on hand	4.40	5.11
Cheques on hand	49.03	135.43
With banks :		
On current accounts	849.65	398.55
On fixed deposit account	11.25	11.25
Per consolidated balance sheet	<u>914.33</u>	<u>550.34</u>
Schedule 10 - Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	2172.17	1544.95
Income taxes paid less provisions thereagainst (other than deferred tax)	775.08	477.81
Fringe benefit tax paid less provisions thereagainst	10.00	10.00
Balance with central excise	164.98	147.96
Per consolidated balance sheet	<u>3122.23</u>	<u>2180.72</u>
Schedule 11 - Current liabilities		
Sundry creditors		
- due to micro enterprises and small enterprises (see note 5 on schedule 20)	-	-
- due to others	7995.12	4702.92
	<u>7995.12</u>	4702.92
Security deposits	550.31	169.63
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 in relation to		
- unpaid dividends (not due)	14.04	13.72
Other liabilities	780.22	621.96
Interest accrued but not due on loans	65.85	70.61
Per consolidated balance sheet	<u>9405.54</u>	<u>5578.84</u>
Schedule 12 - Provisions		
Taxation less payments there against (other than deferred tax)	100.60	189.40
Fringe benefit tax (net of payments)	8.50	8.50
Proposed dividend	1938.45	969.23
Additional income-tax on distributed profits	316.34	161.40
Gratuity	159.25	123.07
Gratuity in respect of managing director	1.00	1.00
Compensated absences	380.37	341.1
Per consolidated balance sheet	<u>2904.51</u>	<u>1793.78</u>

SCHEDULES 13 TO 18 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31.03.2011 Rs.lacs	Year ended 31.03.2010 Rs.lacs
Schedule 13 - Other income		
Sale of scrap	473.53	351.05
Agency commission	88.41	65.56
Export incentives	145.49	3.27
Dividend from investments		
Trade - Long term	7.10	1.42
Other than trade - Long term	5.00	1.50
	12.10	2.92
Other than trade - Current	7.96	-
Profit on sale of fixed assets (net)	-	198.53
Sale of tenancy rights (net)	208.42	-
Rent	29.85	97.57
Foreign exchange gain (net)	-	184.42
Miscellaneous	3.33	12.22
Per consolidated profit and loss account	969.09	915.54

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

Opening stocks:		
Manufactured components	750.56	709.62
Work-in-progress	1861.18	1776.59
Finished goods	3341.92	4532.08
	5953.66	7018.29
Closing stocks:		
Manufactured components	876.13	750.56
Work-in-progress	2129.19	1861.18
Finished goods	4290.88	3341.92
	7296.20	5953.66
Per consolidated profit and loss account	1342.54	(1064.63)

SCHEDULES 13 TO 18 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 (contd.)

	Year ended 31.03.2011 Rs.lacs	Year ended 31.03.2010 Rs.lacs
Schedule 15 - Employee costs		
Salaries, wages and bonus	6722.93	5508.56
Gratuity	175.83	274.07
Company's contribution to provident fund and other funds	473.24	404.30
Staff welfare	815.65	720.40
Voluntary retirement compensation	351.65	-
Per consolidated profit and loss account	8539.30	6907.33
Schedule 16 - Repairs		
Plant and machinery	209.58	141.12
Buildings	178.17	34.45
Others	179.98	138.11
Per consolidated profit and loss account	567.73	314.68
Schedule 17 - Other expenses		
Insurance	50.98	55.87
Rent	32.14	16.38
Rates and taxes	80.66	47.80
Legal and professional fees	328.24	206.47
Directors' fees	3.65	3.13
Commission on sales	281.21	233.42
Travelling and conveyance	534.18	461.76
Postage, telephone and fax	69.57	98.86
Bank charges	109.69	157.73
Cash discount on sales	106.08	74.99
Advertisement and publicity	85.49	104.95
Forwarding charges	1257.19	697.19
Bad debts written off	22.38	13.04
Provision for doubtful debts	28.90	101.13
Lease rent	43.14	36.77
IT expenses	109.83	184.20
Excise duty on increase / (decrease) in stock of finished goods	88.87	(62.68)
Loss on sale of fixed assets	4.26	-
Foreign exchange loss	46.57	-
Miscellaneous	800.28	605.24
Per consolidated profit and loss account	4083.31	3036.25
Schedule 18 - Interest		
On fixed loans	574.47	619.06
On others	24.64	271.40
Per consolidated profit and loss account	599.11	890.46

Schedule 19 - Significant accounting policies annexed to and forming part of the consolidated balance sheet as at 31st March, 2011 and the consolidated profit and loss account for the year ended on that date

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.

Schedule 19 - Significant accounting policies annexed to and forming part of the consolidated balance sheet as at 31st March, 2011 and the consolidated profit and loss account for the year ended on that date (Contd.)

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 Plan / Other Employee Benefit :

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 while in employment or on termination of employment of an amount equivalent to 15 days

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.)

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.

14. **Taxation**

Taxation expenses comprise current tax and deferred 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.

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 consolidated balance sheet as at 31st March, 2011 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 – 73.45%, Previous year - 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. 2138.94 lacs as at 31st March, 2011 (as at 31.03.10: Rs. 1542.38 lacs) and total revenues of Rs. 641.22 lacs (for the year ended 31.03.10: Rs. 328.33 lac) and net cash inflows of Rs. 207.98 lacs (for the year ended 31.03.10: Rs. 55.58 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.

	As at 31.03.2011 Rs. lacs	As at 31.03.2010 Rs.lacs
2. Contingent liabilities not provided for:		
a) Income-tax	812.00	378.92
b) Sales tax	118.08	123.76
c) Customs duty	158.87	158.87
d) Bank guarantees	3.75	13.15
e) Corporate guarantees issued, in favour of banks for overdraft facilities availed by subsidiary companies	1889.85	1770.28

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

- f) 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.99.52 lacs and Rs.48.97 lacs respectively as at 31st March, 2010 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 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.

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.)

g) Provident fund and other matters in respect of workers: Rs. 5.05 lacs (as at 31.03.2010: Rs. 5.05 lacs)

	As at 31.03.2011 Rs.lacs	As at 31.03.2010 Rs.lacs
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	5,258.90	625.77
	Year ended 31.03.2011 Rs.lacs	Year ended 31.03.2010 Rs.lacs
4. a) The amount of exchange differences (net):		
i) (credited)/debited to the consolidated profit and loss account is	46.57	(184.42)
ii) added to/(deducted from) carrying amount of fixed assets is	67.88	(153.01)
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:		

	Year ended 31.03.2011 Rs.lacs	Year ended 31.03.2010 Rs.lacs
a) charged to the profit and loss account	352.60	283.53
b) capitalized to fixed assets	19.56	35.10
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		

Sr. No	Names of related parties	Nature of relationship
(a)	Mr. T. S. Sahney, Executive Chairman	Individual having substantial interest in the voting power and the power to direct by agreement, the financial and operating policies of the company.
(b)	Ms. H. S.Zaveri, Managing Director	Key management personnel
(c)	Mr. D. S. Sahney, Whole time Director	Key management personnel
(d)	Mr. M. N. Hoda	Director in a subsidiary company
(e)	Mr. S. C. Rangani	Director in a subsidiary company
(f)	Mr. J. S. Maini	Director in a subsidiary company
(g)	Mr. V. S. Iyer	Director in a subsidiary company
(h)	Mr. A.S. Kohli	Executive Director in a subsidiary company
(i)	New Indo Trading Company	A firm where executive chairman is a partner
(j)	Mrs. H. K. Sahney	Relative of executive chairman

Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2011 and the consolidated profit and loss account for the year ended on that date (Contd.)

ii) **Transactions with related parties**

Name of the related parties	Nature of transaction	Volume of transactions Rs.lacs	Receivable As at 31.03.2011 Rs.lacs	Payable As at 1.03.2011 Rs.lacs
Mr. T. S. Sahney	Remuneration	145.27 (127.85)	- (-)	49.50 (41.00)
Ms. H. S. Zaveri	Remuneration and Directors fees	121.27 (92.13)	- (-)	22.66 (17.10)
Mr. D. S. Sahney	Remuneration	74.75 (61.82)	- (-)	14.64 (12.00)
Mr. M. N. Hoda	Directors fees	0.13 (0.20)	- (-)	- (-)
Mr. S. C. Rangani	Directors fees	0.20 (0.10)	- (-)	- (-)
Mr. J. S. Maini	Directors fees	0.20 (0.15)	- (-)	- (-)
Mr. V. S. Iyer	Directors fees	0.42 (0.38)	- (-)	- (-)
Mr.A S Kohli	Remuneration	23.34 (18.45)	- (-)	- (-)
Mrs H K Sahney	Sale of Tenancy Rights	222.00 (-)	- (-)	- (-)
New Indo Trading Company	Service charges paid	5.60 (2.87)	- (-)	- (0.77)

Notes:

- Figures in brackets are in respect of previous year.
- 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.
- 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 certain vehicles on operating lease. Lease rentals charged to the profit and loss account for the year ended 31st March, 2011 aggregated Rs.43.14 lacs (for the year ended 31.03.2010: Rs. 36.77 lacs). The minimum lease payments to be made in future as at the year end are as follows:

	<u>Rs. lacs</u>
(i) For a period not later than one year	28.52 (39.88)
(ii) For a period later than one year and not later than five years	27.14 (49.29)
(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, 2011 and the consolidated profit and loss account for the year ended on that date (Contd.)

10. Values used in calculating Earnings Per Share

	Year ended 31.03.2011	Year ended 31.03.2010
(a) Numerator: Profit after tax (Rs.in lacs)	5,353.68	2,171.55
(b) Denominator: Number of Equity shares	96,922,600	96,922,600

The Company has allotted bonus shares in the ratio of 1:1 based on the shareholdings as per record date of 6th September, 2010 by capitalising the Share Premium Account. This has resulted in increase in issued and paid up equity share capital from Rs. 969.23 lacs to Rs. 1938.45 lacs. Accordingly, the Earnings Per Share for the year ended 31st March, 2010 have been re-stated to give the effect of bonus shares in accordance with Accounting Standard 20 (AS 20) - 'Earnings per share'.

11. Components of deferred tax:

Rs.lacs

Nature of timing difference	Deferred tax asset/(liability) As at 31.03.2010	Credit/ (Charge) for the year	Deferred tax asset/(liability) As at 31.03.2011
(a) Deferred tax liability			
Depreciation	(1,637.20)	(6.96)	(1,644.16)
Sub – total	(1,637.20)	(6.96)	(1,644.16)
(b) Deferred tax asset			
Provision for doubtful debts	179.84	1.71	181.55
Voluntary retirement compensation	-	114.09	114.09
Provision for compensated absences	115.97	11.88	127.85
Provision for Gratuity*	-	3.98	3.98
Carry forward business loss*	61.46	(4.84)	56.62
Sub – total	357.27	126.82	484.09
Net amount	(1,279.93)	119.86	(1,160.07)

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

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
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12. Directors' remuneration*

Whole-time directors		
Salary	146.64	121.65
Commission	86.40	70.10
Contribution to provident fund and other funds	29.41	23.90
Other perquisites	101.78	84.30
	364.23	299.95
Non Whole-time directors		
Directors' fees	3.65	3.13
Commission	5.00	5.00
*excluding gratuity contributed and compensatory absences provided, on a global basis	372.88	308.08

Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2011 and the consolidated profit and loss account for the year ended on that date (Contd.)

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
13. Details of Auditors' remuneration: (excluding service tax)		
Audit fees	22.21	22.02
Report under section 44AB of the Income-tax Act, 1961	3.30	2.60
Taxation matters	5.01	0.84
Other services	17.28	11.60
Reimbursement of expenses	0.19	0.40

14. Financial and Derivative Instruments

i) Forward Exchange Contracts entered into by the Group that are outstanding as at 31st March, 2011.

Currency	Amount in foreign currency	Buy/Sell	Cross Currency
USD	- (86,000)	- (Buy)	- (INR)
JPY	- (117,561,326)	- (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	:	2 (2)
Principal amount in US Dollars	:	545,652 (788,164)
Equivalent rupees at year end rate (Rs. lacs)	:	243.36 (382.26)
Principal amount in Yen (cross currency hedge in US Dollars)	:	232,449,456 (335,760,324)
Equivalent dollars at year end rate	:	2,347,497 (3,152,679)

Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2011 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 31.03.2011:

a) Amounts receivable in foreign currency :

Purpose	Currency	Amount	Equivalent Rs. lacs as at the year end
Export of goods	USD	3,346,254 (1,761,911)	1,492.10 (791.41)
	EURO	1,862,115 (1,653,527)	1,180.45 (1,003.56)
	CHF	4,065 (5,812)	1.96 (2.47)
	GBP	- (16,578)	- (11.30)

b) Amounts payable in foreign currency :

Purpose	Currency	Amount	Equivalent Rs.lacs as at the year end
Import of goods	JPY	110,154,405 (24,520,667)	593.18 (118.48)
	EURO	1,207,949 (696,326)	766.10 (422.54)
	USD	45,917 (11,316,487)	20.48 (591.10)
	CHF	15,936 (3,589)	7.77 (1.53)
	GBP	1,304 (-)	0.94 (-)
	THB	2,228,780 (-)	32.87 (-)
Capital Imports	JPY	332,582,196 (80,756,882)	1,790.95 (390.22)
	GBP	- (21,750)	- (14.83)
Loans payable	USD	2,347,497 (2,278,515)	1,046.98 (1,023.05)

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, 2011 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:

	Year ended 31.03.2011 Rs. lacs	Year ended 31.03.2010 Rs. lacs
i) Employer's Contribution to Provident Fund	1245.28	178.54
ii) Employer's Contribution to Family Pension Fund	78.70	94.98
iii) Employer's Contribution to Superannuation Fund	94.82	89.90

2. Defined Benefit plan:

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

Sr. No.	Particulars	Year ended 31.03.2011	Year ended 31.03.2010
(i)	Components of employer expenses a) Current Service cost b) Interest cost c) Expected return on plan assets d) Actuarial Losses/ (Gains) e) Past Service cost- Vested Benefit Total expenses recognised in the Profit and Loss Account	71.40 107.15 (95.85) 91.87 1.26 175.83	57.91 79.17 (86.78) 68.45 155.32 274.07
(ii)	Actual Contribution and Benefit Payments for year a) Actual benefit payments b) Actual Contributions	111.77 139.65	82.01 159.13
(iii)	Change in Defined Benefit Obligations (DBO) during the year a) Present Value of DBO at the beginning of the year b) Current Service cost c) Past Service cost- Vested Benefit d) Interest cost e) Actuarial Losses/ (Gains) f) Benefits paid Present Value of DBO at the end of the year	1,316.05 71.40 1.26 107.15 72.05 (111.77) 1,456.14	974.77 57.91 155.32 79.17 130.89 (82.01) 1,316.05
(iv)	Change in Fair Value of Assets during the year a) Plan assets at beginning of the year b) Expected return on plan assets c) Actuarial (Losses)/ Gains d) Actual Company contributions e) Fair Value of benefits paid Fair value of plan assets at the end of year	1,192.98 95.85 (19.82) 139.65 (111.77) 1,296.89	966.64 86.78 62.44 159.13 (82.01) 1,192.98
(v)	Contribution expected to be paid next year	99.24	60.35
(vi)	Actuarial Assumptions a) Discount Rate b) Expected rate of return on Plan assets c) Salary escalation d) Mortality Table	8.00% - 8.25% 8% 3% - 4% LIC (1994-96)	8.00% - 8.25% 8% 3%-4% LIC (1994-96)
(vii)	The major categories of plan assets - Insurer Managed Funds	100%	100%

Schedule 20 - Notes annexed to and forming part of the consolidated balance sheet as at 31st March, 2011 and the consolidated profit and loss account for the year ended on that date (Contd.)

	Particulars	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
(viii)	Net asset/(liability) recognised in balance sheet				
	a) Defined Benefit Obligation	(1,456.14)	(1,316.05)	(974.76)	(825.83)
	b) Fair Value of Plan assets	1,296.89	1,192.98	966.64	789.71
	c) Net asset/(liability) recognised in balance sheet	(159.25)	(123.07)	(8.12)	(36.12)
	d) Experience adjustment arising on :				
	1) Plan Liabilities [Losses / (Gains)]	(22.62)	121.82	103.03	73.92
	2) Plan Assets [(Losses) / Gains]	(19.82)	62.44	(99.57)	(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 three 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 Expenses recognized in the statement of profit and loss account under employee cost, in schedule 15 is Rs. 219.93 lacs (for the year ended 31.03.2010 : Rs. 112.86 lacs.)
16. 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 2010 is given below :

Rs. Lacs

Name of The Joint venture company	Percentage of holding	Assets	Liabilities	Income	Expenditure
Schneeberger India Private Limited (incorporated in India)	45% (45%)	31.02 (15.72)	# 16.11 (# 3.45)	40.63 (17.43)	14.75 (12.37)

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, 2011 and the consolidated profit and loss account for the year ended on that date (Contd.)

17. Information relating to subsidiaries as on 31st March, 2011.

Rs. Lacs

Sr. No.	Particulars	SNL Bearings Limited		NRB Bearings (Thailand) Limited	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
(a)	Capital	1161.15	1361.15	737.00	694.00
(b)	Reserves	(423.96)	(805.67)	963.10	678.18
(c)	Total Assets	1927.12	1912.25	2139.09	1542.38
(d)	Total Liabilities	1927.12	1912.25	2139.09	1542.38
(e)	Details of investment (except investment in subsidiaries)	-	-	-	-
(f)	Turnover	1744.80	1299.46	644.77	323.22
(g)	Profit / (loss) before taxation	480.75	10.66	(242.91)	(274.91)
(h)	Provision for taxation	99.04	5.54	-	-
(i)	Profit / (loss) after taxation	381.71	5.12	(242.91)	(274.91)
(j)	Proposed dividend	-	-	-	-

Exchange rate at the end of year (Thailand Baht to Indian Rupee) is 1.474 (for the year ended 31.03.2010 : 1.388)

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

Signature to Schedule 1 to 20

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

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

H. S. Zaveri
Managing Director & President

P. D. Ohja
Directors

Jyostna Sharma
Chief Financial Officer

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

Mumbai: May 30, 2011

FINANCIAL HIGHLIGHTS					Rs. lacs
Year Ended	31.03.07	31.03.08	31.03.09	31.03.10	31.03.11
Sales (Net)					
Domestic	27869.57	28607.69	24423.74	32015.49	42577.61
Exports	2441.24	3534.68	4418.52	2645.03	4058.52
Sales Total	30310.81	32142.37	28842.26	34660.52	46636.13
EBITDA	7934.37	7523.81	3732.89	6436.33	10753.70
Profit Before Tax	5991.49	5183.62	916.06	3714.96	7964.60
Tax (Net)	2015.25	1832.37	489.74	1274.07	2573.08
Profit After Tax	3976.24	3351.25	426.32	2440.89	5391.52
Retained Earnings	2355.04	1990.52	-480.84	1310.69	3138.60
Dividend	1405.38	1163.07	775.38	969.23	1938.45
Tax on Dividend	215.82	197.66	131.78	160.97	314.47
Earnings per share (FV Rs.2)*	4.10	3.46	0.44	2.52	5.56
Dividend %	145	120	80	100	100
Shareholders' Funds	16071.31	18061.83	17450.33	18761.02	21899.62
Funds Employed	26287.35	30047.35	31688.75	28314.41	32770.74
Fixed Assets (Gross)	27078.63	32196.62	34215.19	35378.08	40545.92
Fixed Assets (Net)	12751.30	16072.45	16151.55	15379.32	18266.49
Fixed Asset Turnover (times)	2.38	2.00	1.79	2.25	2.55
Net Current Assets	12198.46	12193.45	13744.50	11142.39	12846.59
Working Capital Turnover (times)	2.48	2.64	2.10	3.11	3.63
Shareholder (Nos.)	3667	6305	6056	6235	9810
Permanent Employees (Nos.)	1504	1456	1545	1558	1575

Fixed Asset Turnover = Net sales/Net Fixed Assets at year end.

Working capital Turnover = Net sales/Net current assets at year end.

* Figures have been restated giving effect to Bonus shares.

NRB BEARINGS LIMITED

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

ADMISSION SLIP

I hereby record my presence at the 46th Annual General Meeting of members of the Company held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Wednesday 27th July, 2011 at 11.30 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 46th Annual General Meeting of members of the Company held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Wednesday 27th July, 2011 at 11.30 a.m.

Name.....

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

Affix
revenue
stamp

DP Id*	
Client Id*	

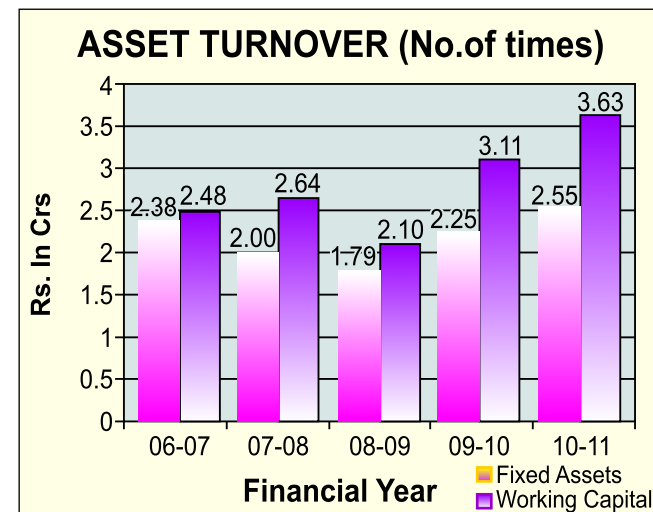
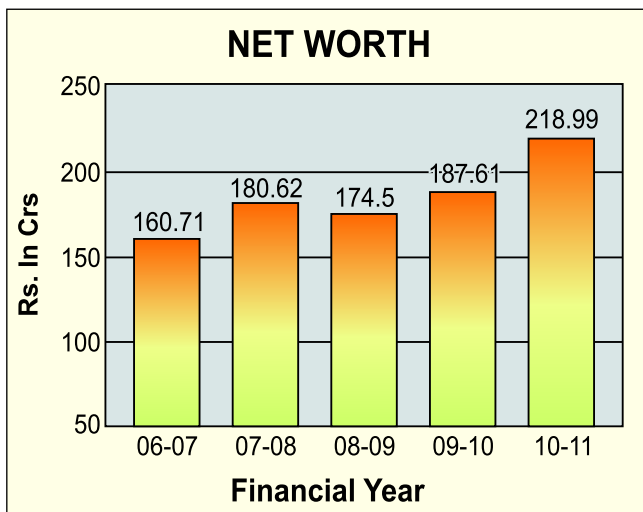
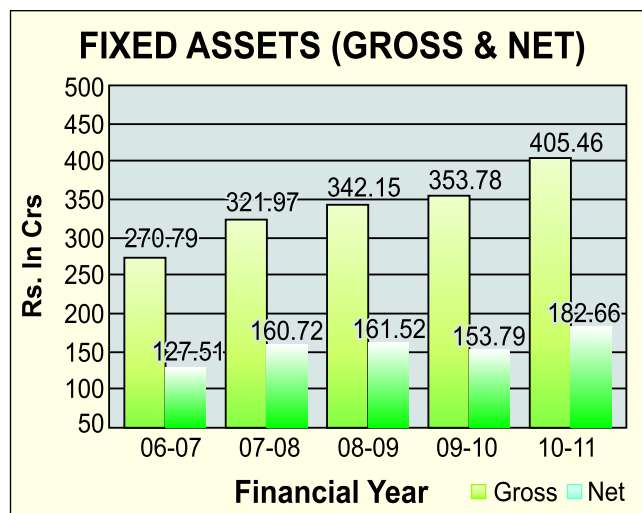
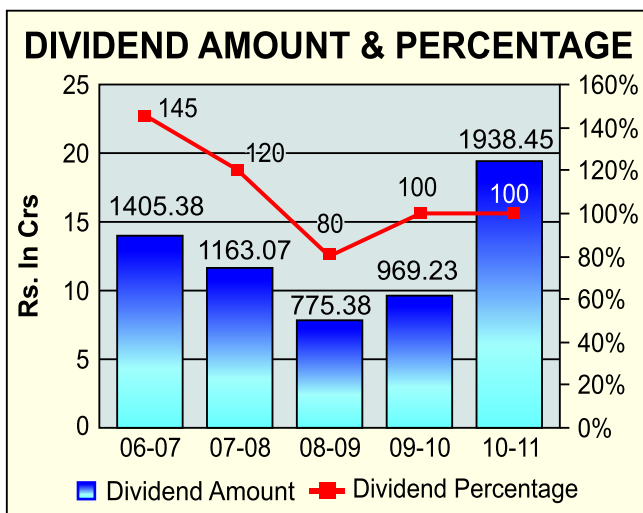
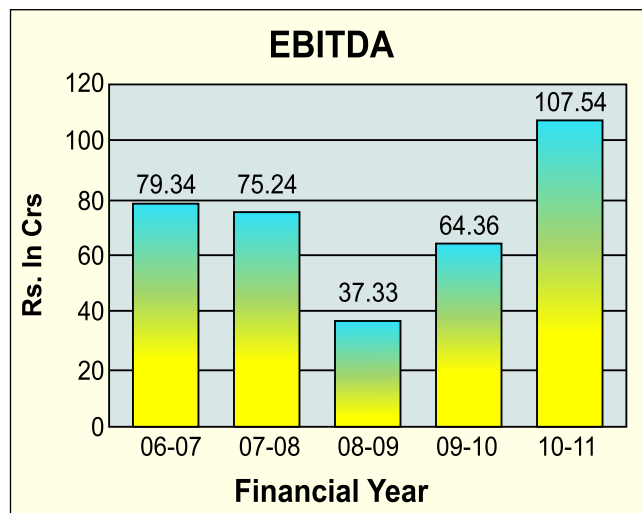
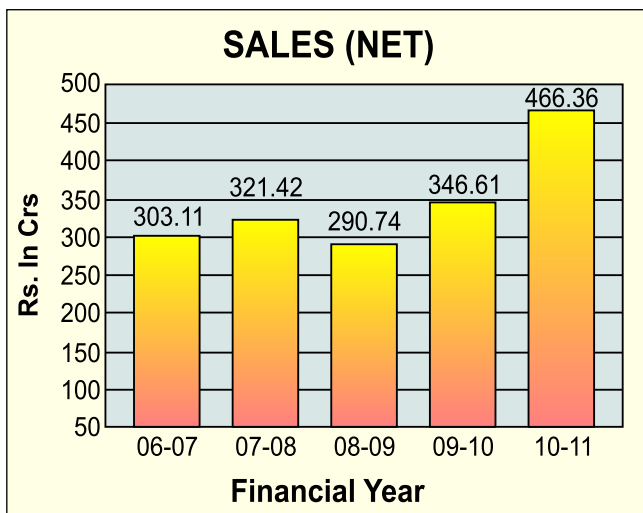
Folio No.	
No. of shares	

Address
.....

Signature

* Applicable for investors holding shares in electronic form

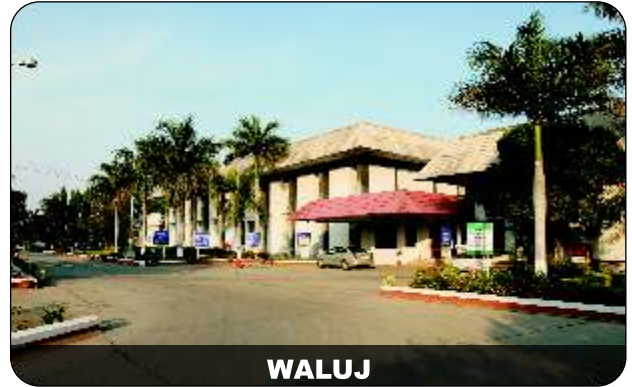
- Notes:**
1. The proxy need NOT be a member.
 2. THE PROXY FORM, DULY SIGNED ACROSS A REVENUE STAMP SHOULD REACH THE COMPANY'S CORPORATE OFFICE AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
 3. The proxy form should be filled in completely including 'Folio No.' and 'Address'.



NRB PLANTS



THANE



WALUJ



JALNA



AURANGABAD



HYDERABAD



RANCHI



THAILAND



PANTNAGAR