

INNOVATION

TECHNOLOGY

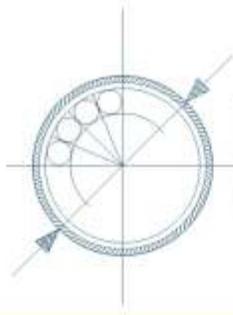


NRB
BEARINGS

EXCELLENCE



47th Annual Report 2011-2012



NRB
BEARINGS

NRB. A MOVEMENT. A REVOLUTION.



ANNUAL REPORT**2011-2012**

Directors	:	Trilochan Singh Sahney, Executive Chairman Dr.(Ms)Kala S Pant Harshbeena S Zaveri – Managing Director & President Keki M Elavia Devesh S Sahney Anand N Desai
Company Secretary		Satish C Rangani Tel No. 022-22664160/4998
Bankers	:	BNP Paribas Citibank N.A.
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 Pantnagar, 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 47th Annual General Meeting of the members of the Company will be held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Friday 3rd August, 2012, at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Accounts, Balance Sheet, Cash Flow Statements and the reports of the Directors and Auditors for the year ended 31st March, 2012.
2. To declare a dividend for the year ended 31st March, 2012.
3. To appoint a Director in place of Mr.K M Elavia who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr.D S Sahney who retires by rotation and is eligible for re-appointment.
5. To consider and if thought fit, to pass with or without modifications, the following resolution:

“RESOLVED THAT M/s.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

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

Enhancement in Borrowing Powers to Rs.250 crores

“RESOLVED THAT in partial modification of resolution no. 9 passed at the Annual General Meeting held on 11th August,2005, the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act,1956, to the Board of Directors of the company for borrowing from time to time all such sums of money not exceeding Rs.250,00,00,000 (Rupees Two Hundred Fifty Crores) as they may deem requisite for the purpose of the business of the company, notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not so set apart for any specific purpose.”

By Order of the Board

S C Rangani
Secretary

May 30, 2012

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 25th July, 2012 to 3rd August, 2012 (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 24th July, 2012.

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 24th July, 2012.

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 24th July, 2012.

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 item 6 in the accompanying notice dated 30th May, 2012.

Enhancement in borrowing powers

At the 40th Annual General Meeting of the Company held on 11th August, 2005, the company had accorded its consent under Section 293(1)(d) of the Companies Act, 1956, to the Directors borrowing monies up to a limit of Rs.150 crores. Taking into account the further requirements of additional finance for the expansion programmes planned by the company, a fresh resolution is proposed providing that, in addition to the company's existing borrowings, the directors may, for and on behalf of and for the purposes of the company, borrow further sums of money, up to a total borrowing limit of Rs.250 crores.

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

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:

1. **Mr.K M Elavia**

Age	66 Years
Qualifications	B.Com (Hons) FCA
Expertise/Experience	39 years of post qualification experience, former partner of M/s.Kalyaniwalla & Mistry, Chartered Accountants
Director Since	30.01.2006
Category	Non-executive Independent
DIN	00003940

Other Indian Public companies In which Directorship is held	Chairman/Member of Committee in public companies in which he is a Director				
	Audit Committee	Remuneration Committee	Corp.Gov. Committee	Share allotment Committee	Finance Committee
Goa Carbon Ltd	Member	Chairman	Member	-	-
Uni Abex Alloy Products Ltd	Chairman	Chairman	-	-	-
Uni Deritend Ltd	-	Member	-	-	-
Allcargo Logistics Ltd	Chairman	Member	-	Chairman	Member
Insilco Ltd	Member	Member	-	-	-
Dai-ichi Karkaria Ltd	Member	-	-	-	-
Uni Klinger Ltd	-	-	-	-	-
Peerless Trust Management Co.Ltd.	-	-	-	-	-
Raptor Research and Conservation Fund (Section 25 company)	-	-	-	-	-
No.of shares held	NIL				

2. **Mr.D S Sahney**

Name	Mr. D S Sahney
Date of Birth	17.11.1968
Qualifications	Bachelor of Arts degree (Business Administration & Economics) from Richmond College, London and Master in Business Administration (General management) from the Asian Institute of Management (Phillipines)
Experience	19 years
Director Since	May 2001
Category	Executive and Non independent (Promoter)
DIN	00003956
List of other Directorships	NRB Industrial Bearings Ltd NRB-IBC Bearings Pvt.Ltd. Schneeberger India Pvt.Ltd.
Membership in Committees in other companies	None
No.of shares held	3634600

By Order of the Board

S C Rangani
Secretary

May 30, 2012

DIRECTORS' REPORT

To
The Members
NRB BEARINGS LIMITED
Mumbai

Your Directors have pleasure in presenting their Fortyseventh Annual Report together with Audited Accounts for the year ended 31st March, 2012.

1. Financial Results

	Year ended 31st March, 2012 Rs. lacs	Year ended 31st March, 2011 Rs. lacs
Profit before providing for Depreciation and taxation	9664.06	10251.07
Less: Depreciation	2777.34	2286.47
Provision for taxation		
Current (net)	2045.07	2650.00
In respect of earlier years	1.50	42.96
Deferred	11.48	(119.88)
Profit after taxation	4828.67	5391.52
Add: Balance brought forward	5373.19	2773.74
	10201.86	8165.26
Appropriation:		
Dividend	1938.45	1938.45
Tax on distributed profits	305.43	314.47
General Reserve	482.87	539.15
Profit & Loss Account	7475.11	5373.19
	10201.86	8165.26

2. 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.

3. Operations / Outlook

During fiscal 2011-12, global uncertainties led to a slow down of demand in the Indian economy, which combined with rising input costs, higher interest rates and the sudden depreciation in the value of the rupee has put pressure on margins. Maintaining its focus on providing customer specific solutions, your company has posted record net sales revenues crossing the milestone of Rs. 500 crores Sales (net of excise duty) for the year ended 31st March, 2012 were Rs. 54071 lacs as against Rs.46636 lacs in the previous year, an increase of 16%. However margin pressures resulted in Profit before tax (PBT) being lower at Rs.6887 lacs as compared to Rs. 7965 lacs in 2010-11, down by 13.5%. After providing for current and deferred taxes, the Profit after tax (PAT) was Rs. 4829 lacs (Rs.5392 lacs in 2010-11), down by 10.5%.

Economic and financial events over the year, however, have increased concerns about the sustainability of the growth momentum - high and persisting inflation coupled with a continuing high fiscal deficit have emerged as significant risk factors in sustaining India's growth. In general higher global metals and commodity prices have contributed to rising input costs which are being progressively passed on to customers. Currently India's overall balance of payments remains weak, putting pressure on the Rupee which has touched a historic low. Government action in attracting Foreign Direct investments, which have slowed since the last quarter of fiscal 2011, and reversing the Centre's policy inaction, are the much required steps to set the India growth story back on track.

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 2012-13 a challenging year. The management is taking cognizance of these challenges and is geared to face them. To further consolidate our position, capacities will be sweated to enable the company regain its profitability.

4. Public Deposits

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

5. Directors

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

6. Subsidiaries and Joint venture company

As of 31st March, 2012 the company has three subsidiaries viz. SNL Bearings Ltd (SNL), NRB Industrial Bearings Ltd (NIBL) 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.446.51 lacs (previous year Rs.381.71 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 Industrial Bearings Ltd, a wholly owned subsidiary has incurred a loss of Rs.1.43 lacs since its incorporation in February' 2011. The project is under implementation and the activity of manufacture of bearings for the industrial sector is expected to commence w.e.f.1st October,2012. Shareholders have already approved the Scheme of Arrangement between the holding company and NIBL whereby the industrial bearings undertaking of the holding company will stand transferred to NIBL.

NRB Bearings (Thailand) Ltd, a wholly owned subsidiary, has incurred a loss of THB 19.98 million (Rs. 330 lacs approx). During the year, manufacture of needle rollers has commenced since November 2011 and has complemented the trading and brand building activities being carried out. Manufacture of new products as well as enhanced production of needle rollers, planned during FY 2012-13 will ensure a better mix of revenue from trading and manufacturing.

The joint venture, Schneeberger India Pvt.Ltd. has shown improved performance for the financial year ended 31st December,2011 with net revenue of Rs.149.33 lacs (growth of 66% over the previous year) and PAT of Rs 77.44 lacs, a growth of 120% over the previous year.

7. Information regarding employees

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

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

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

9. Industrial Relations

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

10. Safety, Health and Environment

The company's plants at Thane, Aurangabad, Waluj, Hyderabad, Jalna and Pantnagar 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, up gradation 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 like ITI's and 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 encouraged and supported young engineers and budding technology/automotive enthusiasts through the following sponsorships:

- 1 Team-IIT Mumbai sponsored for Bajaj-SAE in year 2011 and also 2012.
- 2 Rookie Driver Sponsored for Volkswagen Polo Racing Circuit in 2011-12
- 3 7 School Teams (from under-privileged areas) sponsored and actively mentored for FIRST Tech Challenge India : a Robotics competition for 9-10 grade students.

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.

The Ministry of Corporate Affairs vide its circular dated February 8, 2011 has issued directions under Section 212(8) of the Companies Act,1956 granting general exemption from applicability of the provisions of the Section in relation to the subsidiary companies, subject to the fulfillment of the conditions specified in the said circular.

Availing the benefit of this general exemption, the Accounts of the subsidiaries are not included in this Annual Report. In terms of the said circular, your Directors undertake that the annual accounts of the subsidiary companies and the related detailed information shall be made available to Members of the Company and its subsidiary companies seeking such information at any point of time and shall also be kept for inspection by any Members at the registered office of the Company and of the respective subsidiary company concerned and shall also be posted on the web site of the company viz. www.nrbbearings.com. The statement as required under clause (iv) of the aforesaid circular is also attached to the financial statements hereto.

Members desirous of receiving the full Report and Accounts of the subsidiaries will be provided the same on receipt of a written request from them 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 selected were consistently applied. 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, 2012 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, 2013. The cost audit report for the year ended 31.3.2011 was reviewed by the audit committee at their meeting held on 27th July, 2011 and has been filed on 25.8.2011 well within the due date of 30th September, 2011. The cost audit for the year ended 31st March, 2012 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 Directors wish to convey their appreciation for the tremendous support of our workforce- both unionized and management and the confidence and loyalty shown by our customers. 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.

On behalf of the Board

T S Sahney
Executive Chairman

Mumbai : May 30, 2012

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, replaced high capacity motors with lower capacity motors and/or variable frequency drives, replaced 150W lamps with T5 tube lights and replaced pumps on certain machines for aggregate energy savings of Rs.5.58 lacs p.a.
- At Waluj, savings in power on case hardening and annealing furnace aggregating Rs 10.86 lacs p.a. by developing new fixture and replacing old controllers/frequency generators with solid state generator and controller.
- At Hyderabad installed variable frequency drives in assembly section, energy efficient motor, converted milling machine from hydraulic to pneumatic system eliminating the motor, replaced water pumps and installed T5 energy efficient tube lights resulting in savings of Rs.3.37 lacs p.a.
- At Thane, installation of thyristorised control panels on furnaces and conversion of star delta motors on grinding machines and pumps to star resulted in savings of Rs.4.85 lacs p.a.
- At Aurangabad, 4 TRR furnaces installed 4 nos 0.75 KW blowers in place of single 11.2 KW blower, installed online energy efficient fresh water supply pump system, PLC Scada based thyristorised control panel on HT furnace and 34 nos. energy efficient metal halide lamps for an aggregate saving of Rs.6.04 lacs p.a.

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	<p>Prime focus throughout the year was on :</p> <ul style="list-style-type: none"> • 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. • Productivity improvements & low cost automation. • Development of new coatings and lubricants. • Development of bearing aggregates. • Bearing reliability testing. • Setting up module build shop for product development. • Building application based analytical capability, special system level testing facility.
Benefits derived as a result of the above R&D	<ul style="list-style-type: none"> • Quantum increase in terms of new products developed. • Compression in time for product development and its introduction. • Delivered high end products for sensitive application. • Developed product, process related specifications based on application • Reputed customers entrusting futuristic high technology projects to the company.

Future plan of action	<ul style="list-style-type: none">• Reduction of heat and friction by developing composite materials for low heat generation bearings.• Enhancing testing capability for heavy gear boxes, heavy engines and planetary transmissions.• Development of in-house software on bearing and application analysis.• Software development for CAE analysis of products and its components.• Optimising product design for longer life and less inertia• New Outrival series of solid race bearings with enhanced performance capability.
Expenditure on R&D	During the year an amount of Rs. 516.61 lacs has been incurred on revenue and capital account for R & D expenses.

C. Foreign exchange earnings and outgo

Foreign exchange earnings Rs. 7642.28 lacs

Foreign exchange outgo Rs. 11600.31 lacs

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

As per Provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the report and the accounts are being sent to all the shareholders excluding the aforesaid information. Any Shareholder desirous of obtaining such particulars may write to the Company Secretary at the registered office of the Company.

On behalf of the Board

T S Sahney
Executive Chairman

Mumbai : May 30, 2012

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
NRB Industrial Bearings Ltd.	Mr. Trilochan Singh Sahney as nominee for TSS Trust 1
NRB-IBC Bearings Private Ltd.	Mr. Trilochan Singh Sahney as nominee for TSS Trust 2
Trilochan Singh Sahney Trust 1 (TSS Trust 1)	Mrs. Hanwantbir Kaur Sahney as nominee for TSS Trust 1
Trilochan Singh Sahney Trust 2 (TSS Trust 2)	Hanwantbir Kaur Sahney
	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 Sahney Pillay
	Ms. Ambita Kaur Sahney
	Ms. Anjana Kaur Thakkar
	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, 2012

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, 2012.

Mumbai : May 30, 2012

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 13% to Rs. 4500 crores for the year 2011-12. 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 2011-12 industrial growth has moderated. While the long term outlook of the Indian economy remains positive there are clear challenges in the immediate short term. However, the Indian economy has many inherent strengths - strong domestic consumption, the unprecedented scale and size of the 12th Plan leading to continued demand from the core sectors like steel, cement, mining, oil & natural gas, the implementation of the Western and Eastern Freight Corridors of the Railways and the Metro railways in important cities, the low vehicle penetration coupled with improving highway and rural road network development making India a key market for global players- all of which will have a direct and favourable impact on the growth of the bearings industry. India's automotive sector is expected to be one of the fastest growing in the world over the next several years aided by 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. With the government commitment to low carbon intensity energy, renewable energy is an exciting new growth area. Overall prospects for industrial development remain positive and therefore the strong demand for bearing products is expected to be sustained in the coming years.

To meet growing customer expectations, your company has regularly invested in modern manufacturing technology so that high precision is embedded in all products and quality improvements are a continuing process. In the highly demanding overseas markets, your company has leveraged its technological and product development capabilities and customer focus to be rated an important global supplier.

During 2011-12, the automotive industry, the largest consumer of quality bearings, has witnessed buoyant growth in almost all segments. Tabled below are growth estimates for 2012-13 projected by the company, after assessing demand forecasts with all major OEMs

User Industry	Vehicle Production (Nos)			
	2011-12	2010-11	% growth	% growth (2012-13 Est)
2-Wheelers				
Motorcycle	12,006,950	10,510,189		-
Scooter	2,660,916	2,134,585		-
Mopeds	785,753	704,575		-
Total	15,453,619	13,349,349	15.76	12
3-Wheelers	877,711	799,553	9.78	} 12
Passenger Cars	2,513,990	2,453,097	2.48	
MUV/MPV	609,538	529,675	15.07	} 8
HCV/MCV	383,277	345,818	10.83	
LCV	528,297	414,917	27.33	15
Tractors	639,896	548,397	16.70	12
Total	21,006,328	18,440,806	13.91	-

Source: SIAM for 2011-12 and 2010-11 production data and company estimates.

FINANCIALS

Turnover, net of excise duty, increased by 16% to Rs.54071 lacs from Rs.46636 lacs in 2011-12. Domestic sales increased by 10% to Rs. 47016 lacs from Rs. 42578 lacs while exports increased by 74% to Rs.7055 lacs from Rs. 4059 lacs in 2011-12.

The table below sets forth the key expense items as a percentage of net revenues for 2010-11 and 2011-12. The increase in input prices, higher operational costs have resulted in lower operating margins.

	Percentage of Turnover Year ended March 31	
	2012	2011
Turnover (net of excise duty)	54924(100%)	46636(100%)
Expenditure:		
- Material (Including change in stock)	49.72	48.44
- Employee Cost	16.12	17.25
- Manufacturing and Other expenses (Net)	14.75	13.22
Total Expenditure	80.59	78.91
Profit before Depreciation, Interest and Tax	19.41	21.09
Depreciation	5.05	4.90
Interest (Net)	2.09	1.08
Profit before Exceptional Items and Tax	12.27	15.11

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
	31.12.2011	31.12.2011	31.03.2012 (15 months)	31.03.2012
Operating Profit (PBDIT) to Net Sales - %	13.18	21.92	12.80	19.61
RONW-PAT/Net Worth	20.62	24.10	25.76	18.00
ROCE - PBT/Cap employed	30.99	35.59	24.08	11.18
EPS *	39.50	105.88	10.13 (annualized)	4.96

* 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	
	2011-12	2010-11
EBIT	7983	8467
Less: Adjusted Tax	2443	2616
NOPAT (Net Operating Profit less tax)	5540	5851
Equity	24484	21900
Debt	22566	9109
Total Invested Capital	47050	31009
Post Tax Cost of Debt %	8.30	7.00
Cost of Equity %	13.00	12.50
Weighted Average Cost of Capital % (WACC)	10.74	10.88
Weighted Average Cost of Capital (WACC)	5053	3374
EVA (NOPAT – WACC)	487	2477

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 @ 8.5% p.a. plus equity premium adjusted for company's beta variant. The equity premium is assumed @ 9% while the beta is considered at 0.5

The company's EVA, which is a real measure of shareholders' value creation, has declined during the year. Operating profits during the year have declined in spite of the increase in volumes. Capital employed in the business has gone up owing to increased sales, and higher borrowings for investment plans.

SEGMENT WISE PERFORMANCE

Your company has a single significant reportable segment of ball and roller bearings as the primary business segment for the purpose of AS-17. The assets and liabilities of the company are all expended towards this business segment. Geographical segment information is also given in note 31.

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. Exports to marquee global OEMs have grown manifold and the current trend of orders indicate your company 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, represent a threat to the organized bearings industry. These account for 18- 20% of the total demand for the industry and the problem continues owing to the slow legal process, 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.
- Following the slowing demand in the developed markets of the US and Europe, cheap imports from China and other South-East Asian countries, have put pressure on Indian suppliers to price their products lower and are proving to be a big threat for the domestic bearings industry, as many customers are opting 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), prevailing high interest rate regime, steadily increasing fuel pricing are impacting demand in 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, discussions have been inconclusive with its workmen at Aurangabad for a fresh wage settlement. Wage settlements with its workmen at Thane, Hyderabad and Plant VI-Waluj also fall due for renewal in the current year. The company expects to finalise prospective three year settlements with wage rise linked to per man output and incentive payments linked to overall production volume increase.

Overall relations with the workmen at all 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.

To achieve our vision "to become a billion dollar company by 2020", we at NRB believe that investment in people and their potential is one of the greatest investments we can make.

We lay emphasis on nurturing our own resources and most opportunities are first offered to internal candidates through internal job postings and those who are identified as key talent through our talent management process.

We continuously aim to provide career development and growth opportunities to our people through our Talent Management Process. It provides dual opportunities for people to grow in the managerial and technical capabilities aligned with their career aspirations. We continuously encourage our people to broaden their horizons and fulfill their potential via a wide and varied range of learning and development opportunities be it class room, on the job or experiential.

We have conducted exhaustive position based employee competency gap analysis and this forms the basis of our developmental initiatives. The company has conducted an average of 4.5 man-days of training per employee in the Year 2011-12.

On the recruitment front a series of initiatives including clearly defined objective entry level parameters, to rigorous process elements have been implemented to ensure quality of hiring.

An integrated and robust Performance Management system (SPEED: System of Performance Evaluation & Employee Development) helps us put a framework in place for Individual Development Planning, Career and Succession Planning and building bench strength of talented future leaders of tomorrow.

We have done internal and external (Deloitte-ACMA) compensation benchmarking, and this data further helps us best reward our high-performers and also reduce the variance in a single job band.

We are also in the midst of implementing a thumb-print based Integrated Online attendance system across all plants and locations. This will help us monitor and manage attendance across entire NRB in a much more effective manner.

To further streamline and strengthen our HR processes and systems, we are implementing Human Resource Management System (HRMS), which will provide high level of automation to HR processes, and information used in HR process management and decision making. This will enable further transparency and accountability in HR Service Delivery to our employees.

Permanent employees directly employed by the company currently total 1660 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 six members, with an Executive Chairman, two executive directors and three 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) of other Indian companies as on 31.03.2012	No. of Membership In mandatory Committees (Chairmanship) of other companies as on 31.03.2012
Mr.T S Sahney	00003873	E & NID	1	-
Dr.K S Pant	00003915	NE & ID	1	-
Mr.K M Elavia	00003940	NE & ID	9	7 (3)
Ms.H S Zaveri	00003948	E & NID	2 (1)	2
Mr.D S Sahney	00003956	E & NID	1	-
Mr. Anand N Desai	00165894	NE & ID	-	-

Dr. P D Ojha retired at the AGM held on 27th July, 2011

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 10 meetings of the Board during 2011-12.

The maximum interval between any two meetings was 81 days. The Board held its meetings on 19th April, 2011, 30th May, 2011, 27th July, 2011, 12th October, 2011, 4th November, 2011, 8th December, 2011, 28th January, 2012, 17th February, 2012, 6th March, 2012 and 16th March, 2012.

(iii) **Attendance of Directors:**

The overall attendance of Directors was 88%. The attendance of whole-time Directors was 95%.

At the Board Meetings held during 2011-12 and the last Annual General Meeting

Directors	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the last AGM (27th July 2011)	Share-holding
1 Mr. T S Sahney	10	10	Yes	11716406
2 Dr. P D Ojha	3	2	No	Nil
3 Dr.(Ms) Kala S Pant	10	10	Yes	Nil
4 Ms. H S Zaveri	10	10	Yes	4464732
5 Mr. D S Sahney	10	9	Yes	3634600
6 Mr. K.M.Elavia	10	9	Yes	Nil
7 Mr. Anand N Desai	10	7	Yes	Nil

Overall attendance in the Board Meetings: 91%

AGM : 86%

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

Brief Profile of Directors and nature of their expertise in functional areas	Mr.K M Elavia , (66 yrs), has a Bachelors degree in Commerce and is professionally qualified as a Chartered Accountant. Between 1974 and 2009, he has been a partner of Kalyaniwalla & Mistry, Chartered Accountants and has vast experience in corporate matters being a director on the board of various public limited companies				
Directorships in other companies	Committee Memberships in other companies				
	Audit Committee	Remuneration Committee	Corp.Gov. Committee	Share allotment Committee	Finance Committee
Goa Carbon Ltd	Member	Chairman	Member	-	-
Uni Abex Alloy Products Ltd	Chairman	Chairman	-	-	-
Uni Deritend Ltd	-	Member	-	-	-
Allcargo Logistics Ltd	Chairman	Member	-	Chairman	Member
Insilco Ltd	Member	Member	-	-	-
Dai-ichi Karkaria Ltd	Member	-	-	-	-
Uni Klinger Ltd	-	-	-	-	-
Peerless Trust Management Co. Ltd.	-	-	-	-	-
Raptor Research and Conservation Fund (Section 25 company)	-	-	-	-	-

Brief Profile of Directors and nature of their expertise in functional areas	Mr.D S Sahney (43 yrs) holds a Bachelor of Arts degree (Business Administration & Economics) from Richmond College, London and a Masters in Business Administration (General Management) from the Asian Institute of Management (Phillipines). After a short stint as Management Trainee in Credit Lyonnais he joined the company in October,1993 as Executive Assistant to the General Manager (Needle Bearings Division). He has handled various positions of responsibility in the areas of Management Services, Information Technology and Plant Operations and was a member of the core team which drove the Business Reengineering project implemented by the company in 1998 with the help of international consultants. Currently, he holds responsibility for The Agency business and the JV with Schneeberger and oversees the proposed transfer of the industrial bearings undertaking to NIBL.
Directorships in other companies	NRB Industrial Bearings Ltd NRB-IBC Bearings Pvt.Ltd. Schneeberger India Pvt. Ltd.
Membership in Committee in other Companies	-

Mr. K M Elavia and Mr. D S Sahney retire by rotation and are eligible for reappointment.

(v) **Remuneration of directors:**

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

(Amount in Rs)

Name of Director	Sitting fees	Commission on profits*	Salary and Perquisites	Total
T S Sahney	-	54,00,000	1,00,59,147	1,54,59,147
H S Zaveri	-	24,00,000	1,07,88,967	1,31,88,967
D S Sahney	-	18,00,000	68,85,922	86,85,922
P D Ojha (retired 27th July, 2011)	15,000	2,50,000		
K S Pant	1,75,000	2,50,000		
K M Elavia	1,30,000	2,50,000		
Anand N Desai	1,45,000	2,50,000		

* Commission to Non-Executive directors @0.125%, with a ceiling of Rs. 10 lacs p.a. as determined by the Board of Directors, will be apportioned and payable during 2012-13.

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 three calendar months notice
Period of Contract of Wholetime 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 currently comprises of three Non-executive Directors and is headed by Dr.K S Pant as Chairman, consequent upon the retirement of Dr. P D Ojha in July, 2011. 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 2011-12

Members	Meetings held during the tenure of the Director	Meetings attended
Dr. P D Ojha (retired w.e.f.27th July,2011)	2	1
Dr.(Ms) Kala S Pant (Chairman)	5	5
Mr. K M Elavia	5	5
Mr. Anand N Desai	5	3

Overall attendance: 82%

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 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 2011-12**

Members	Meetings held during the tenure of the Director	Meetings attended
Mr. T S Sahney	5	5
Ms. H S Zaveri	5	5
Ms. K S Pant (Chairman)	5	4
Mr. Anand N Desai	5	5

* Overall attendance : 95%

4. General Body Meetings

During the year there were two court convened meetings of the shareholders alongwith one Extra Ordinary General Meeting as detailed below:

Court convened meeting on 26th September, 2011 at 3.00 p.m. at Indian Merchants Chambers, IMC Marg, Churchgate, Mumbai 400 001 to approve the Scheme of Amalgamation & Arrangement (the Scheme) between Trilochan Sahney Finance & Holdings Private Limited (TSFHPL or the Transferor Company) with NRB Bearings Limited (NRB or the Transferee Company) and their respective shareholders.

Above court convened meeting was followed by an Extra Ordinary General Meeting of the shareholders to approve the reduction in capital.

Court convened meeting on 3rd February 2012 at 3.00 p.m. at M.C.Ghia Hall, K Dubash Marg, Mumbai 400 001 to approve the Scheme of Arrangement between NRB Bearings Ltd and NRB Industrial Bearings Ltd and their respective shareholders and creditors.

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

46th Annual General Meeting on 27th July, 2011 at 11.30 am at M.C.Ghia Hall, K Dubash Marg, Mumbai 400 001

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

No postal ballot was conducted in the year 2011-12. 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 2011-12. 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 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.

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, 2012, 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, 2012, 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, 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, 2012

SHAREHOLDERS' INFORMATION

1. **Annual General Meeting**
Date and Time : 3rd August, 2012 at 3.00 p.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 30,2012 : First week August, 2012
Financial reporting for the quarter ending September 30, 2012 : Last week October, 2012
Financial reporting for the quarter ending December 31, 2012 : Last week January, 2013
Financial reporting for the year ending March 31, 2013 : End May, 2013
Annual General Meeting for the year ending March 31, 2013 : August, 2013
3. **Book Closure Date** : 25th July to 3rd August, 2012
(both days inclusive)
4. **Dividend Payment Date** : 16th August, 2012
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.nrbearings.com

Pokhran Road No.2, Majiwade
Thane 400 610

E-40, M.I.D.C. Industrial Area,
Chikalthana, Aurangabad 431 210

C-6, Additional M.I.D.C. Industrial Area
Jalna 431 213

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
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	3rd December, 2013 9th September, 2014
2007-08	5th August, 2008	14th August, 2008	11th September, 2015
2008-09	12th August, 2009	20th August, 2009	18th September, 2016
2009-10	4th August, 2010	16th August, 2010	11th September, 2017
2010-11	27th July, 2011	10th August, 2011	2nd September, 2018

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, 2012.

Financial year	Deal Nos.	No.of warrants issued	No.of warrants unclaimed	%	Amount of dividend Rs.in lacs	Unclaimed dividend amount Rs.	%
2004-05	703325	3088	130	4.21	969.23	1,64,730	0.17
2005-06 - Interim	703516	3356	194	5.78	726.92	1,66,912	0.23
- Final	703760	3214	146	4.54	484.61	84,010	0.17
2006-07 - Interim	703841	3286	143	4.35	775.38	1,24,104	0.16
- Final	704114	4683	213	4.55	630.00	1,35,163	0.21
2007-08	704348	6244	273	4.37	1163.07	2,04,794	0.18
2008-09	704479	6071	351	5.78	775.38	1,79,550	0.23
2009-10	704611	7393	286	3.87	969.23	1,77,056	0.18
2010-11	704707	9980	296	2.97	1938.45	3,39,562	0.18
Total		47315	2032	4.29	8432.27	15,75,881	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	2012				2011			
	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	7144	71.383	1204716	1.243	6956	70.908	1171521	1.209
501- 1000	1651	16.491	1485901	1.533	1645	16.769	1477988	1.525
1001- 2000	605	6.045	1013571	1.046	608	6.198	1032947	1.066
2001- 3000	196	1.958	516989	0.533	193	1.967	507280	0.523
3001- 4000	105	1.049	382706	0.395	109	1.111	398932	0.412
4001- 5000	74	0.739	351649	0.363	79	0.805	377314	0.389
5001- 10000	113	1.129	842394	0.869	105	1.070	789246	0.814
10001 & above	120	1.199	91124674	94.018	115	1.172	91167372	94.062
TOTAL	10008	100.00	96922600	100.00	9810	100.00	96922600	100.00

As on 31st March, 2012 96304780 constituting 99.36% of the share capital has been dematerialized.

The company has entered into agreements with NSDL and CDSL 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.

12. **Categories of shareholdings as on 31st March :**

Category	2012				2011			
	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	9610	96.02	40030457	41.30	9372	95.53	40354714	41.64
Corporate Bodies	242	2.42	44113619	45.51	286	2.92	44192941	45.60
Foreign Collaborator	–	–	–	–	–	–	–	–
NRI/OCBs	138	1.38	163063	0.17	136	1.39	183327	0.19
FI/FII/Banks/Foreign national/Trusts	9	0.09	7646400	7.89	12	0.12	7662270	7.90
Mutual Funds/UTI	9	0.09	4969061	5.13	4	0.04	4529348	4.67
TOTAL	10008	100.00	96922600	100.00	9810	100.00	96922600	100.00

Promoter holdings constituting 70155904 shares (72.38%) 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 60 days from the date of receipt in case documents are complete in all respects.

14. **Investor queries/complaints handled**

Nature of queries/complaints	2011-12 Nos.	2010-11 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)	2	8
Relating to dividends (including issue of fresh Demand drafts against unpaid warrants, non-receipt of dividend warrants and ECS rejects for incorrect bank details)	51	18
Relating to change of address	2	5
Others	-	-
Total	55	31

- 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
08.09.2010	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 2012-13 have been paid to the Stock Exchange- Mumbai and National Stock Exchange.

17. Stock Codes

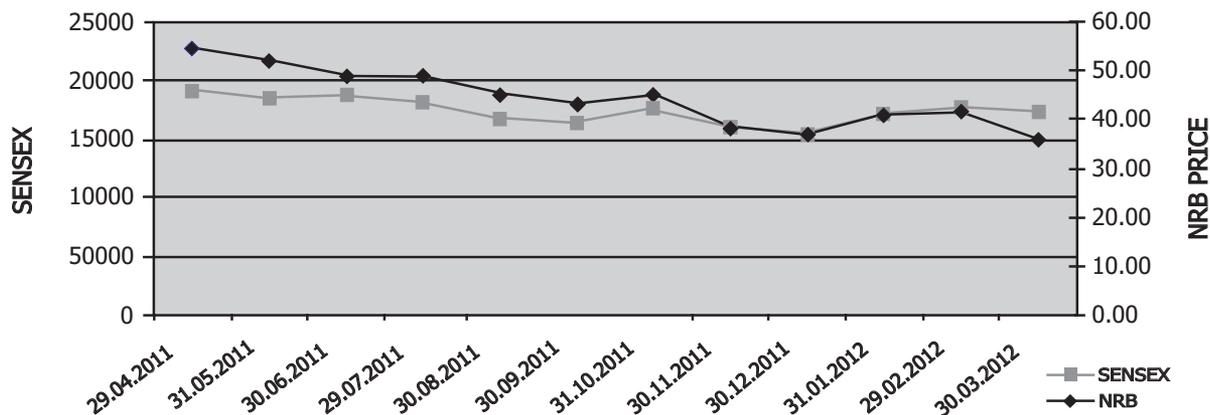
Bombay Stock Exchange	530367
National Stock Exchange	NRBBEARING
ISIN No. for equity share of Rs.2/-each	INE 349A 01021

18. Stock Market Data

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

Monthly high and low quotations and volume of shares traded

2011-12 Month	Bombay Stock Exchange			National Stock Exchange		
	High (Rs)	Low(Rs)	Volume	High (Rs)	Low(Rs)	Volume
April'11	58.50	47.25	755788	65.15	47.00	1325378
May'11	55.50	47.40	153689	55.60	47.30	298193
June'11	54.70	45.65	110784	53.65	45.60	229343
July'11	54.50	47.20	231859	54.80	47.60	489979
August'11	49.00	40.10	89687	48.70	40.25	186985
September'11	51.00	41.50	87989	47.90	42.00	291926
October'11	50.61	40.00	1301466	50.85	40.10	2694771
November'11	46.00	35.30	96200	46.00	35.60	181895
December'11	41.70	33.50	113934	39.75	33.55	156460
January'12	43.85	36.25	51759	44.70	36.20	145503
February'12	48.80	40.25	233795	48.35	40.00	403999
March'12	43.80	34.50	244099	43.40	34.30	389680
Total			3471049			6794112

19. Performance (Indexed):


	29.04.2011	31.05.2011	30.06.2011	29.07.2011	30.08.2011	30.09.2011	31.10.2011	30.11.2011	30.12.2011	31.01.2012	29.02.2012	30.03.2012
NRB	54.70	51.90	48.75	48.80	45.05	43.00	44.95	38.05	37.30	41.05	41.55	35.95
SENSEX	19136	18503	18846	18197	16677	16454	17705	16123	15455	17194	17753	17404

20. Registrars and Transfer Agents

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

 : M/s. 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
 (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	2011-12**	2010-11**	2009-10	2008-09
Net earnings (Rs.lacs)	4828.67	5391.52	2440.89	426.32
Cash earnings (Rs.lacs)	7606.01	7677.99	4395.39	2365.79
EPS (Rs)	4.98	5.56	5.04	0.88
CEPS (Rs.)	7.85	7.92	9.07	4.88
Dividend per share (Rs.)	2.00	2.00	2.00	1.60
Dividend payout (%)	46.47	41.78	46.30	212.78
Book value per share (Rs.)	25.26	22.60	38.71	37.88
Price to earnings *	7.22	8.54	14.18	37.44
Price to cash earnings *	4.58	6.00	7.88	6.75
Price to book value *	1.42	2.10	1.85	0.86

* Stock price as on 30th March, 2012 –Rs.35.95 (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, 2012

1. We have audited the attached Balance Sheet of NRB BEARINGS LIMITED ("the Company") as at 31st March, 2012, the Statement of Profit and Loss 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. Without qualifying our opinion, we draw attention to note 43 of financial statements wherein the company has proposed to demerge the industrial bearings undertaking in to a wholly owned subsidiary, NRB Industrial Bearings Limited (NIBL) with effect from 1st October, 2012 after obtaining the required approvals. The proposed demerger, as stated in the note, will not have a material impact on the company's financial statements.
4. 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.
5. Further to our comments in the paragraph 3 above and Annexure referred to in paragraph 4 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, 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.
6. On the basis of the written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 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, 2012

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS
LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012
(referred to in paragraph 4 of our report of even date)**

- (i) Having regard to the nature of the Company's business/activities/result, clauses (iii) (d) 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 explanations given to us, no material discrepancies were noticed on such verification.
 - (c) There is no fixed assets disposed off during the year and therefore the question of reporting on clause 4(i)(c) of CARO does not arise.
- (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 explanations 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 is Rs. Nil and the maximum amount involved during the year was Rs. 200.00 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.
- (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:
 - (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.

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012
(referred to in paragraph 4 of our report of even date) (contd.)**

- (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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine 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, 2012, 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, 2012 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. in 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	222.20
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2009-2010	212.50
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

- (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.

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012
(referred to in paragraph 4 of our report of even date) (contd.)**

- (xi) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained, other than temporary deployment pending application.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that no funds raised on short-term basis have been used during the year for long-term investment.
- (xiv) According to the information and explanations given to us 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, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	Rs.lacs	As at 31.03.2012 Rs.lacs	Rs.lacs	As at 31.03.2011 Rs.lacs
I. EQUITY AND LIABILITIES					
1) Shareholders' Funds					
(a) Share Capital	3	1938.45		1938.45	
(b) Reserves and Surplus	4	22545.96		19961.17	
			24484.41		21899.62
2) Non-Current Liabilities					
(a) Long term borrowings	5	16001.97		4333.71	
(b) Deferred tax liabilities (Net)	6	1171.50		1160.02	
(c) Long term provisions	7	338.71		271.73	
			17512.18		5765.46
3) Current Liabilities					
(a) Short term borrowings	8	6563.72		4774.67	
(b) Trade payables	9	6395.84		6092.06	
(c) Other current liabilities	10	3791.51		3976.99	
(d) Short-term provisions	11	2529.66		2351.99	
			19280.73		17195.71
Total			61277.32		44860.79
II ASSETS					
1) Non-current assets					
(a) Fixed assets	12				
(i) Tangible assets		20643.60		16753.65	
(ii) Intangible assets		59.54		111.55	
(iii) Capital work-in-progress		1998.92		160.66	
		22702.06		17025.86	
(b) Non-current investments	13	1262.65		1457.65	
(c) Long term loans and advances	14	2935.57		1699.92	
			26900.28		20183.43
2) Current assets					
(a) Current investments	15	200.00		200.00	
(b) Inventories	16	12665.82		10543.23	
(c) Trade receivables	17	13201.66		10634.90	
(d) Cash and Cash Equivalents	18	5464.35		591.80	
(e) Short-term loans and advances	19	2796.55		2707.43	
(f) Other current assets	20	48.66		-	
			34377.04		24677.36
Total			61277.32		44860.79

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. C. Khanna
Partner

Mumbai: May 30, 2012

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman
K. S. Pant

A. N. Desai

Jyotsna Sharma
Chief Financial Officer

H. S. Zaveri
Managing Director & President
K. M. Elavia

D. S. Sahney

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

Directors

Mumbai : May 30, 2012

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	For the	
		Year ended 31.03.2012	Year ended 31.03.2011
		Rs.lacs	Rs.lacs
I. Revenue from operations (gross)		59629.26	51496.06
Less: Excise duty		4692.83	4257.56
Revenue from operations (net)	21	54936.43	47238.50
II. Other Income	22	103.28	313.63
III. TOTAL REVENUE (I + II)		55039.71	47552.13
IV. EXPENDITURE			
Cost of materials consumed	23a	20800.35	17201.41
Purchase of Stock-in-Trade	23b	121.79	116.09
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23c	(1388.41)	(1287.58)
Employee benefit expense	24	8868.54	8038.69
Finance costs	25	1133.07	553.62
Depreciation and amortization expense	12	2777.34	2286.47
Other expenses	26	15840.31	12678.83
Total Expenses		48152.99	39587.53
V. PROFIT BEFORE TAX (III - IV)		6886.72	7964.60
VI. Tax expense:			
- Current tax		2045.07	2650.00
- In respect of earlier years		1.50	42.96
Net current tax expense		2046.57	2692.96
- Deferred tax		11.48	(119.88)
		2058.05	2573.08
VII. PROFIT AFTER TAX (V - VI)		4828.67	5391.52
Earnings per share (of Rs. 2 each) (Refer note 34) Basic, as well as diluted (In Rs.)		4.98	5.56

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. C. Khanna
Partner

Mumbai: May 30, 2012

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman
K. S. Pant

A. N. Desai
Jyotsna Sharma
Chief Financial Officer

H. S. Zaveri
Managing Director & President
K. M. Elavia

D. S. Sahney
Directors
S. C. Rangani
Sr. V P & Company Secretary

Mumbai : May 30, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31.03.2012	Year ended 31.03.2011
	Rs.lacs	Rs.lacs
A. CASH FLOW FROM OPERATING ACTIVITIES:		
NET PROFIT BEFORE TAX	6886.72	7964.60
Adjustments for:		
Depreciation/amortisation	2777.34	2286.47
Foreign exchange loss/(gain) - unrealised	(374.93)	(36.99)
Finance cost (net)	1133.07	553.62
Dividend income	(18.08)	(20.06)
(Profit)/loss on sale of fixed assets	-	2.14
Provision for doubtful debts	121.36	50.41
Provision for compensated absences	180.92	40.49
Provision for gratuity	367.93	22.49
	4187.61	2898.57
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS	11074.33	10863.17
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
- Trade receivables	(2358.24)	(3194.97)
- Short-term loans and advances	25.88	(359.91)
- Long-term loans and advances	2.70	(157.15)
- Inventories	(2122.59)	(2487.62)
Adjustment in increase/ (decrease) in operating liabilities		
- Trade payables	348.76	1467.21
- Other current liabilities	310.44	522.56
	(3793.05)	(4209.88)
NET CASH GENERATED FROM OPERATIONS	7281.28	6653.29
Direct taxes paid (net of refund)	(2088.80)	(3094.52)
NET CASH FROM OPERATING ACTIVITIES	5192.48	3558.77
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets (including adjustments on account of capital advances)	(10425.12)	(3274.13)
Sale of fixed assets	-	1.50
Purchase of current investments	-	(9661.11)
Purchase of additional equity shares in a subsidiary	-	(64.95)
Purchase of equity shares in a subsidiary	(5.00)	-
Sale of current investments	200.00	9861.11
Dividend income from joint venture	11.25	-
from others	6.83	20.06
NET CASH USED IN INVESTING ACTIVITIES	(10212.04)	(3117.52)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (contd.)

	Year ended 31.03.2012 Rs. lacs	Year ended 31.03.2011 Rs. lacs
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	12045.73	102.21
Proceeds from short term borrowings	25415.54	6800.00
Repayment of long term borrowings	(645.62)	(491.73)
Repayment of short term borrowings	(23300.00)	(5500.00)
Increase/(Decrease) in cash credit	(326.49)	459.28
Finance cost paid (net)	(1045.92)	(558.38)
Dividend paid	(1936.73)	(968.91)
Tax on dividend	(314.47)	(160.97)
NET CASH USED IN FINANCING ACTIVITIES	9892.04	(318.50)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	4872.48	122.75
Cash and cash equivalents as at the beginning of the year	591.80	468.67
Effects of exchange differences on restatement of foreign currency cash and cash equivalents	0.07	0.38
Cash and cash equivalents as at the end of the year (Refer note 18)	5464.35	591.80

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A. C. Khanna
Partner

Mumbai: May 30, 2012

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

K. S. Pant

A. N. Desai

Jyotsna Sharma
Chief Financial Officer

H. S. Zaveri
Managing Director & President

K. M. Elavia

D. S. Sahney

Directors

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

Mumbai : May 30, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012**NOTE****1. Corporate Information:**

NRB Bearings Limited incorporated in 1965, is engaged in the manufacture of ball and roller bearings.

2. Significant accounting policies:**(i) 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. The accounting policies adopted in preparation of the financial statements are consistent with those followed in the previous year.

(ii) 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.

(iii) Fixed assets and depreciation/amortisation

- (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/amortisation 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 2(xii) below.

(iv) 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.

(v) 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 statement of profit and loss. 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 statement of profit and loss.

(vi) Investments

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

(vii) Inventories

Inventories are valued at the lower of cost (weighted average method) and net realisable value. Costs of conversion and other costs are determined on the basis of standard cost method adjusted for variances

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

between standard costs and actual costs, unless such costs are specifically identifiable, in which case they are included in the valuation at actuals.

(viii) Sale of products

- (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.

(ix) Employee benefits

- (a) Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss 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 the statement of profit and loss as incurred.

- (ii) Defined Benefit Plan / 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 statement of profit and loss.

- 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 statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

(x) Voluntary retirement compensation

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

(xi) 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.

(xii) 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.

(xiii) 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.

(xiv) 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.

(xv) 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.

(xvi) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

NOTE 3 - Share Capital

	As at 31.03.2012 Rs. lacs	As at 31.03.2011 Rs. lacs
Authorised:		
100,000,000 (as at 31.03.2011 100,000,000) Equity shares of Rs. 2 each	2000.00	2000.00
Issued, subscribed and fully paid up:		
96,922,600 (as at 31.03.2011 96,922,600) Equity shares of Rs. 2 each fully paid up.	1938.45	1938.45
Per balance sheet	1938.45	1938.45

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

	As at 31.03.2012		As at 31.03.2011	
	Number of shares	Rs. Lacs	Number of shares	Rs. Lacs
Shares outstanding at the beginning of the year	96922600	1938.45	48461300	969.23
Add: Additional shares issued during the year by way of bonus	-	-	48461300	969.22
Less: Shares cancelled consequent to merger (Refer note 42)	37755640	755.11	-	-
Add: Shares issued consequent to merger (Refer note 42)	37755640	755.11	-	-
Shares outstanding at the end of the year	<u>96922600</u>	<u>1938.45</u>	<u>96922600</u>	<u>1938.45</u>

ii) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number of shares	% of holding	Number of shares	% of holding
Equity Shares:				
Trilochan Singh Sahney	11716406	12.09	5981906	6.17
Trilochan Investments Company Private Limited	-	-	18057500	18.63
Devinder Investments Company Private Limited	-	-	17807370	18.37
Trilochan Singh Sahney Trust 1 (held by a trustee in his individual name) (Refer note 42)	37755640	38.95	-	-
Acacia Partners, LP	4873980	5.03	4873980	5.03
ICICI Prudential Life Insurance Company Limited	5624714	5.80	5740804	5.92

iii) Aggregate number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of five years immediately preceding the Balance Sheet date:

Particulars	Number of shares as at 31.03.2012	Number of shares as at 31.03.2011
Fully paid up by way of bonus shares	48461300	48461300
Fully paid up shares allotted, consequent to merger, without payments being received in cash	37755640	-
	<u>86216940</u>	<u>48461300</u>

iv) Rights attached to equity shares:

- Right to receive dividend as may be approved by the Board / Annual General Meeting.
- The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 1956.
- Every member of the company holding equity shares has a right to attend the General Meeting of the company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)
NOTE 4 - Reserves and surplus

	<u>Rs. Lacs</u>	<u>As at 31.03.2012 Rs. Lacs</u>	<u>Rs. Lacs</u>	<u>As at 31.03.2011 Rs. Lacs</u>
Capital reserve		25.00		25.00
Securities premium account:				
Opening balance	245.72		1214.94	
Less: Capitalisation by way of bonus issue	-		969.22	
Add: On account of merger (Refer note 42)	601.89		-	
Closing balance		847.61		245.72
Debenture redemption reserve		333.33		333.33
General reserve:				
Opening balance	13983.93		13444.78	
Less: On account of merger (Refer note 42)	612.99		-	
Add: Transfer from Surplus in the statement of Profit & Loss	482.87		539.15	
Closing balance		13853.81		13983.93
Capital redemption reserve:				
Opening balance	-		-	
Add: On account of merger (Refer note 42)	11.10		-	
Closing balance		11.10		-
Surplus in the Statement of Profit and Loss:				
Opening balance	5373.19		2773.74	
Add: Profit for the year	4828.67		5391.52	
Less: Appropriations				
Proposed dividend (Rs. 2 (as at 31.03.2011 Rs. 2) per share)	1938.45		1938.45	
Tax on dividend	305.43		314.47	
Transfer to general reserve	482.87		539.15	
Closing balance		7475.11		5373.19
Per balance sheet		<u>22545.96</u>		<u>19961.17</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)
NOTE 5 - Long term borrowings

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
A) Non-convertible debentures		
Secured (Refer footnote i and ii (b) below)	2000.00	2000.00
B) Term loans in foreign currency from banks		
Secured (Refer footnote ii (a) below)	12433.96	695.35
C) Deferred payment liabilities	1568.01	1638.36
Unsecured: Interest free Sales tax loan (Refer footnote ii (c) below)		
Per balance sheet	16001.97	4333.71

Footnotes:

- i) 200, 11.5% privately placed non-convertible debentures of Rs. 1,000,000 each, redeemable at par, on 31st May, 2014.
ii) Details of repayment of Loans

Particulars	Security	Terms of repayment	Number of installments outstanding	Rate of interest	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
a. Term loans in foreign currency from banks						
External commercial borrowings	Secured by hypothecation of/ charge on specified plant and machinery of the company.	Quarterly installments to be completed in April, 2013	5	Libor + 300 bps to Libor + 350 bps	801.05	1251.63
External commercial borrowings	Secured by hypothecation of/ charge on specified plant and machinery of the company.	Quarterly installments starting from August 2013 to be completed in May 2017	16		2606.55	-
External commercial borrowings	Secured by hypothecation of/ charge on specified plant and machinery of the company; charge yet to be created.	Half yearly installments starting from August 2016 to be completed in August 2017	3		2798.40	-
External commercial borrowings	Secured by hypothecation of all movable properties at Shendra and exclusive first charge over immovable fixed assets at Shendra; charge yet to be created.	Quarterly installments starting from August 2013 to be completed in November 2016	14		6868.80	-
Total					13074.80	1251.63
Comprises of:						
Long term borrowings					12433.96	695.35
Current maturities of long term borrowings					640.84	556.28

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

Particulars	Security	Terms of repayment	Number of installments outstanding	Rate of interest	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
b. Non-convertible debentures	Secured by first pari passu charge on specified plant and machinery of the company.	Redeemable at par, on 31st May, 2014	-	11.50%	2000.00	2000.00
c. Interest free Sales tax loan						
Sales tax deferral scheme	-	Annual instalments to be completed by May, 2025	14	0.00%	1649.55	1684.80
				Comprises of:		
				Long term borrowings	1568.01	1638.36
				Current maturities of long term borrowings	81.54	46.44

iii) For the amount of current maturities of long term borrowings, refer note 10 - Other current liabilities.

NOTE 6 - Deferred tax

Nature of timing difference	Deferred tax asset /(liability) as at 31.03.2011 Rs. Lacs	Credit/(charge) for the year	Deferred tax asset/(liability) as at 31.03.2012 Rs. Lacs
a) Deferred tax liability			
Depreciation	(1566.36)	(82.57)	(1648.93)
Sub - total	(1566.36)	(82.57)	(1648.93)
b) Deferred tax asset			
Provision for doubtful debts	170.54	39.37	209.91
Voluntary retirement compensation	114.09	(22.82)	91.27
Provision for compensated absence	121.71	54.54	176.25
Sub - total	406.34	71.09	477.43
Per balance sheet	(1160.02)	(11.48)	(1171.50)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)
NOTE 7 -Long term provisions

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
Provisions for employee benefits:		
Compensated absences	338.71	271.73
Per balance sheet	<u>338.71</u>	<u>271.73</u>

NOTE 8 - Short term borrowings
a) Loans repayable on demand:

Cash credit from banks (Refer footnote 1 below)

Secured	148.18	474.67
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b) Other Loans from banks:

Secured (Refer footnote 2 below)

	-	1800.00
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Unsecured

	2500.00	1500.00
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c) Other Loans in foreign currency from banks:

Secured (Refer footnote 1 below)

	1415.54	-
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d) Other Loans:

Unsecured: Commercial papers

(Maximum balance outstanding during the year

Rs. 2500 lacs; 31.3.2011 Rs. 2500 lacs)

	2500.00	1000.00
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Per balance sheet

	<u>6563.72</u>	<u>4774.67</u>
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Footnotes:

1. Secured by hypothecation of all current assets.
2. Other loan from banks is secured by hypothecation of inventories and trade receivables on pari passu basis.

NOTE 9 - Trade payables

Trade payables (see footnote below)

- due to micro enterprises and small enterprises

	-	-
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- due to others

	6395.84	6092.06
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Per balance sheet

	<u>6395.84</u>	<u>6092.06</u>
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Footnote:

There are no amounts due to the suppliers covered under Micro, Small and Medium Enterprise 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 auditors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

NOTE 10 - Other current liabilities

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
Current maturities of long-term debt (Refer footnote i below)		
- Term loans in foreign currency from banks	640.84	556.28
- Interest free Sales tax loan	81.54	46.44
Security deposits	590.95	546.70
Interest accrued but not due on borrowings	201.66	65.85
Unpaid dividends (unclaimed) (refer footnote ii below)	15.76	14.04
Other Payables		
- Fixed assets	714.26	1835.30
- Statutory dues	738.49	627.88
- Advances received	291.54	135.96
- Gratuity	515.47	147.54
- Gratuity in respect of Executive Chairman	1.00	1.00
Per balance sheet	3791.51	3976.99

Footnotes:

- i. Refer footnote ii(a) and ii(c) in note 5 - Long term borrowings for details of security
- ii. There is no amount outstanding and due as at the balance sheet date to be credited to the Investor Education and Protection Fund.

NOTE 11 - Short term provisions

a) Provisions for employee benefits:		
Compensated absences	204.51	90.57
	204.51	90.57
b) Provision - Others:		
Taxation less payments thereagainst	81.27	-
Fringe benefit tax (net of payments)	-	8.50
Proposed dividend	1938.45	1938.45
Tax on dividend	305.43	314.47
	2325.15	2261.42
Per balance sheet	2529.66	2351.99

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

NOTE 12 - Fixed Assets

Description	GROSS BLOCK - AT COST			DEPRECIATION/AMORTISATION			NET BLOCK			
	Opening Balance As at 01.04.11	Additions	Deductions	Closing Balance As at 31.03.12	Opening Balance As at 01.04.11	For the year	On Deductions	Closing Balance As at 31.03.12	As at 31.03.12	As at 31.03.11
	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	748.17	-	925.59	11.80	4.43	-	16.23	909.36	165.62
Buildings and flats	3938.13	84.58	-	4022.71	1143.05	123.37	-	1266.42	2756.29	2795.08
Plant and equipment (refer note 29)	31814.95	5716.92	-	37531.87	19137.27	2450.42	-	21587.69	15944.18	12677.68
Furniture and fixtures	536.53	29.55	-	566.08	308.67	38.31	-	346.98	219.10	227.86
Office equipments	953.61	34.78	-	988.39	727.15	37.06	-	764.21	224.18	226.46
Electrical installations	827.39	1.28	-	828.67	470.34	34.29	-	504.63	324.04	357.05
Vehicles	496.22	-	-	496.22	252.32	37.45	-	289.77	206.45	243.90
Sub Total (A)	38804.25	6615.28	-	45419.53	22050.60	2725.33	-	24775.93	20643.60	16753.65
B. Intangible Assets										
Computer Software	340.38	-	-	340.38	228.83	52.01	-	280.84	59.54	111.55
Sub Total (B)	340.38	-	-	340.38	228.83	52.01	-	280.84	59.54	111.55
Total (A) + (B)	39144.63	6615.28	-	45759.91	22279.43	2777.34	-	25056.77	20703.14	
Previous year	35244.05	3910.02	9.44	39144.63	19998.76	2286.47	5.80	22279.43	1998.92	16865.20
Capital work-in-progress									22702.06	17025.86
Per balance sheet										

Footnotes:

- Buildings and flats include:
 - Shares in respect of residential premises of a cost of Rs. 489.02 lacs (as at 31.03.2011 Rs. 481.86 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. 50 shares of Rs. 50 each in Vile Parle Vatika Co-operative Housing Society Limited, 5 shares of Rs. 50 each in Edenwoods Cypress House Co-operative Housing Society Limited, 5 shares of Rs. 50 each in The Ganesh Villa Co-operative Housing Society Limited and 5 shares of Rs. 50 each in Vinayak Bhavan Co-operative Housing Society Limited.
- Borrowing cost capitalised during the year Rs. 56.50 lacs (year ended 31.03.2011 Rs. Nil).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)
NOTE 13 - Non current investments

	<u>Rs. Lacs</u>	<u>As at 31.03.2012 Rs. Lacs</u>	<u>Rs. Lacs</u>	<u>As at 31.03.2011 Rs. Lacs</u>
A. Trade				
1. Investments in Equity Instruments				
a) of subsidiaries				
Quoted				
SNL Bearings Limited				
2,652,762 (as at 31.03.2011 2,652,762)				
Shares of Rs. 10 each fully paid-up	239.67		239.67	
Unquoted				
NRB Industrial Bearings Limited				
50,000 (as at 31.03.2011 Nil) Shares of				
Rs. 10 each fully paid-up	5.00		-	
NRB Bearings (Thailand) Limited				
4,999,994 (as at 31.03.2011 4,999,994)				
Shares of THB 10 each fully paid-up	599.64		599.64	
b) of joint venture company				
Unquoted				
Schneeberger India Private Limited				
112,500 (as at 31.03.2011 112,500)				
Shares of Rs. 10 each fully paid-up	11.25		11.25	
c) of other entities				
Quoted				
Indusind Bank Limited				
8,541 (as at 31.03.2011 8,541)				
Shares of Rs. 10 each fully paid-up	0.98		0.98	
Eicher Motors Limited				
600 (as at 31.03.2011 600)				
Shares of Rs. 10 each fully paid-up	0.06		0.06	
Hero Motocorp Limited (formerly known				
as Hero Honda Motors Limited)				
6,250 (as at 31.03.2011 6,250) Shares of				
Rs. 2 each fully paid-up	0.05		0.05	
2. Investments in preference shares of subsidiary company				
Unquoted				
SNL Bearings Limited				
1,000,000 (as at 31.03.2011 1,000,000)				
6% Cumulative redeemable preference shares				
of Rs. 60 each (as at 31.03.2011 Rs. 80 each)				
fully paid-up of which Rs. 20 each				
(as at 31.03.2011 Rs. 20 each)				
is considered as current investments.	400.00		600.00	
		1256.65		1451.65

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

	<u>Rs. Lacs</u>	<u>As at 31.03.2012 Rs. Lacs</u>	<u>Rs. Lacs</u>	<u>As at 31.03.2011 Rs. Lacs</u>
B. Non -Trade				
1. Investments in Equity Instruments				
Unquoted				
21st Century Battery Limited.				
10,000 (as at 31.03.2011 10,000) shares of				
Rs. 10 each fully paid-up	1.00		1.00	
2. Investments in Mutual funds				
Unquoted				
DSP Black Rock Equity Fund				
50,000 (as at 31.03.2011 50,000) units of				
Rs. 10 each fully paid-up	5.00		5.00	
		6.00		6.00
Per balance sheet		1262.65		1457.65
Aggregate amount of quoted investments				
[market value Rs. 952.94 lacs				
(as at 31.03.2011: Rs. 1018.59 lacs)]		240.76		240.76
Aggregate amount of unquoted investments		1021.89		1216.89
		1262.65		1457.65
 NOTE 14 - Long term loans and advances				
(Unsecured, considered good)				
Capital Advances		2478.98		1240.63
Security deposits		375.66		322.16
Loans and advances to employees		23.56		23.44
Other loans and advances		25.94		113.69
Prepaid expenses		31.43		-
Per balance sheet		2935.57		1699.92
 NOTE 15 - Current investments				
(At cost)				
Current portion of long-term investments				
Investments in preference shares of				
subsidiary company				
Unquoted				
SNL Bearings Limited				
1,000,000 (as at 31.03.2011 1,000,000)				
6% Cumulative redeemable preference shares of				
Rs. 60 each (as at 31.03.2011 Rs. 80 each) fully paid-up				
of which Rs. 20 each (as at 31.03.2011 Rs. 20 each)				
is considered as current investments.		200.00		200.00
Per balance sheet		200.00		200.00
Aggregate amount of unquoted investments		200.00		200.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

NOTE 16 - Inventories

	Rs. Lacs	As at 31.03.2012 Rs. Lacs	Rs. Lacs	As at 31.03.2011 Rs. Lacs
(at lower of cost and net realisable value)				
(a) Raw materials	2961.74		2762.06	
Goods-in-transit	16.06		-	
		2977.80		2762.06
(b) Work-in-progress		3665.97		2869.92
(c) Finished goods (other than those acquired for trading)		4506.70		3915.11
(d) Stock-in-trade (acquired for trading) - lubricant		14.06		13.29
(e) Stores and spares		1501.29		982.85
Per balance sheet		12665.82		10543.23

Footnotes:

i) **Raw Materials comprise of:**

Steel	1930.87	1728.91
Brass	23.00	44.12
Components	894.80	854.52
Packing materials	129.13	134.51
TOTAL	2977.80	2762.06

ii) **Work-in-progress comprise of:**

Loose needle rollers	126.20	97.07
Needle roller bushes & cages	194.32	137.84
Ball & roller bearings	173.12	76.17
Automobile components	225.12	237.30
Manufactured Components	2947.21	2321.54
TOTAL	3665.97	2869.92

iii) **Finished goods comprise of:**

Loose needle rollers	445.93	291.71
Needle roller bushes & cages	1349.94	1363.49
Ball & roller bearings	2349.20	1942.39
Automobile components	361.63	317.52
TOTAL	4506.70	3915.11

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)
NOTE 17 -Trade receivables

	As at 31.03.2012		As at 31.03.2011
	Rs. Lacs	Rs. Lacs	Rs. Lacs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:			
Secured, considered good	16.14		5.66
Unsecured, considered good	1075.61		1241.35
Unsecured, considered doubtful	646.97		525.61
	<u>1738.72</u>		<u>1772.62</u>
Provision for doubtful debts	646.97		525.61
		1091.75	1247.01
Other trade receivables:			
Secured, considered good	134.07		126.64
Unsecured, considered good	11975.84		9261.25
		12109.91	9387.89
Per balance sheet		13201.66	10634.90

NOTE 18 - Cash and cash equivalents

Cash on hand	3.51	4.02
Cheques on hand	10.26	42.63
Balances with banks:		
In current accounts	205.55	495.67
In EEFC account	10.94	35.44
In deposit account	5218.33	-
In earmarked accounts:		
Unpaid dividend accounts	15.76	14.04
Per balance sheet	<u>5464.35</u>	<u>591.80</u>
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is	5464.35	591.80

NOTE 19 - Short term loans and advances

(Unsecured, considered good)		
Loans and Advances to related parties	-	223.37
Loans and advances to employees	48.76	40.85
Advance sales tax	443.22	443.22
Other loans and advances	668.80	772.21
Prepaid expenses	168.42	70.18
Income taxes paid less provisions there against	799.03	674.03
Fringe benefit tax paid less provisions there against	-	10.00
CENVAT/ Service tax credit receivable	668.32	473.57
Per balance sheet	<u>2796.55</u>	<u>2707.43</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

NOTE 20 - Other current assets

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
Interest receivable	48.66	-
Per balance sheet	48.66	-

	For the year ended 31.03.2012 Rs. Lacs	For the year ended 31.03.2011 Rs. Lacs
	Rs. Lacs	Rs. Lacs

NOTE 21 - Revenue from operations

Sale of products	58763.50	50893.69
Other operating revenues:		
Sale of scrap	666.31	456.88
Duty drawback and export incentives	199.45	145.49
	865.76	602.37
	59629.26	51496.06
Less: Excise Duty	4692.83	4257.56
Per statement of profit and loss	54936.43	47238.50

Revenue from operations comprise of:

Loose needle rollers	2569.84	2483.14
Needle roller bushes & cages	21912.19	18564.22
Ball & roller bearings	22689.49	20685.72
Automobile components	6785.53	4790.10
Traded goods - lubricants	113.62	112.95
	54070.67	46636.13
Other operating revenues	865.76	602.37
	54936.43	47238.50

NOTE 22 - Other income

Agency Commission	53.53	48.86
Dividend income		
From long term investments		
- Trade	18.08	7.10
- Others	-	5.00
	18.08	12.10
From current investments - Others	-	7.96
	18.08	20.06
Sale of tenancy rights (net)	-	208.42
Rent	26.85	34.36
Other non-operating income	4.82	1.93
Per statement of profit and loss	103.28	313.63

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)
NOTE 23a - Cost of materials consumed

	Rs. Lacs	For the year ended 31.03.2012 Rs. Lacs	Rs. Lacs	For the year ended 31.03.2011 Rs. Lacs
Opening Stock		2762.06		1891.74
Add: Purchases		21016.09		18071.73
		23778.15		19963.47
Less: Closing stock		2977.80		2762.06
Per statement of profit and loss		20800.35		17201.41
Materials consumed comprise of:				
Steel	13926.23		11134.82	
Brass	235.68		259.73	
Components	5394.24		4762.42	
Packing material	1244.20		1044.44	
Total	20800.35		17201.41	

NOTE 23b - Purchase of Stock-in-Trade

Lubricant		121.79		116.09
Per statement of profit and loss		121.79		116.09

NOTE 23c - Changes in inventories of finished goods, work-in-progress, stock-in-trade

Opening stocks:				
Work - in - progress		2869.92		2453.36
Finished goods		3915.11		3057.38
Stock - in - trade		13.29		-
		6798.32		5510.74
Closing stocks:				
Work - in - progress		3665.97		2869.92
Finished goods		4506.70		3915.11
Stock - in - trade		14.06		13.29
		8186.73		6798.32
Per statement of profit and loss - Net (increase) / decrease		(1388.41)		(1287.58)

NOTE 24 - Employee benefit expense

Salaries, wages and bonus		7004.93		6293.90
Contribution to provident and other funds		974.83		566.89
Staff welfare		888.78		826.25
Voluntary retirement compensation		-		351.65
Per statement of profit and loss		8868.54		8038.69

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)
NOTE 25 - Finance costs

	Rs. Lacs	For the year ended 31.03.2012 Rs. Lacs	Rs. Lacs	For the year ended 31.03.2011 Rs. Lacs
Interest				
On fixed loans	968.78		502.07	
On others	336.78		21.86	
		1305.56		523.93
Other borrowing costs		36.54		50.99
		1342.10		574.92
Less: Interest income				
From banks on deposits	208.34		-	
On loans and advances	0.69		21.30	
		209.03		21.30
Per statement of profit and loss		1133.07		553.62

NOTE 26 - Other expenses

Consumption of stores and spare parts		5145.78		4429.49
Processing charges		2630.59		2130.37
Power and fuel		2189.46		1799.06
Repairs and maintenance -				
Buildings	281.38		164.68	
Plant and machinery	175.20		166.29	
Others	91.46		175.33	
		548.04		506.30
Insurance		64.53		50.14
Rent		24.71		26.39
Rates and taxes		48.18		77.56
Legal and professional fees		344.39		246.05
Directors' fees and commission		13.90		7.30
Commission on sales		336.98		275.65
Sales discount		128.45		106.08
Travelling and conveyance		552.15		492.95
Postage, telephone and fax		112.95		65.35
Bank charges		58.91		58.24
Advertisement and publicity		92.17		84.34
Forwarding charges		1944.95		1248.86
Bad debts written off		-		0.87
Provision for doubtful debts		121.36		50.41

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

NOTE 26 - (Contd.)

	For the year ended 31.03.2012 Rs. Lacs	For the year ended 31.03.2011 Rs. Lacs
Lease rent	44.72	43.14
IT expenses	209.71	109.83
Excise duty on Increase/(decrease) in inventories of finished goods	112.74	83.15
Net loss on foreign currency transactions and translation	90.74	43.60
Loss on sale of fixed assets (net)	-	2.14
Auditors' remuneration (see footnote below)	47.61	41.64
Miscellaneous expenses	977.29	699.92
Per statement of profit and loss	15840.31	12678.83

Footnote:

Details of Auditors' Remuneration:

(excluding service tax)

Audit fees	21.00	19.00
Report under section 44AB of the Income-tax Act, 1961	2.90	2.50
Taxation matters	3.34	5.01
Other services	20.30	15.00
Reimbursement of expenses	0.07	0.13
Total	47.61	41.64

NOTE 27 - Contingent liabilities not provided for:

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
a) Income Tax	1035.04	812.00
b) Sales Tax	118.08	118.08
c) Customs Duty	158.87	158.87
d) Bank guarantees	7.75	3.75
e) Stand by letter of credit given to bank on behalf of a subsidiary company	1119.36	981.20
f) Corporate guarantees issued on behalf of subsidiary companies	2082.86	1899.85

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

NOTE 28 -

Estimated amount of contracts remaining to be executed on capital account and not provided for	11851.83	5258.90
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

NOTE 29 - The amount of exchange differences (net):	For the year ended 31.03.2012 Rs. Lacs	For the year ended 31.03.2011 Rs. Lacs
(i) (credited) / debited to the statement of profit and loss is	90.74	43.60
(ii) added to / (deducted from) the carrying amount of fixed assets is	387.81	67.85

NOTE 30 - Expenditure on research and development:

(i) Charged to the statement of profit & loss	500.46	352.60
(ii) Capitalized to fixed asset	16.15	19.56

NOTE 31 - Segment reporting

The Company has a single reportable business segment namely bearings for the purpose of Accounting Standard 17 on Segment Reporting.

Geographical Segment information is given as follows:

	Within India	Outside India	Total
Revenue from operations	47682.43 (42432.12)	7254.00 (4204.01)	54936.43 (47238.50)
Total Assets	55537.66 (42136.61)	5739.66 (2724.18)	61277.32 (44860.79)
Additions to fixed assets	6615.28 (3910.02)	-	6615.28 (3910.02)

Footnote:

Figures in brackets are in respect of the previous year.

NOTE 32 - Related Party Disclosures:

A) Name of the related party and nature of relationship where control exists:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)
B) Related Party Transactions:

Name of the related parties	Nature of Transactions	Volume of Transactions	Receivable as at 31.03.12	Payable as at 31.03.12		
		Rs. Lacs	Rs. Lacs	Rs. Lacs		
SNL Bearings Limited	ICDs repaid	200.00 (100.00)	- (200.00)	- (-)		
	Interest received on ICDs	0.69 (21.30)	- (-)	- (-)		
	Sale of raw material	0.11 (5.50)	}			
	Purchase of raw materials components, etc.	1107.70 (983.98)			- (-)	80.38 (174.31)
	Sale of scrap	12.84 (-)			- (-)	- (-)
	Proceeds from redemption of cumulative redeemable preference shares	200.00 (200.00)			- (-)	- (-)
	Guarantee given by NRB Bearings Ltd.	- (140.00)			350.00 (350.00)	- (-)
NRB Bearings (Thailand) Limited	Advance repaid	- (19.65)				
	Advance given	- (21.00)			- (23.37)	- (-)
	Sale of finished goods raw material etc	519.24 (560.02)	1152.54 (583.60)	- (-)		
	Purchase of stores and spares	201.80 (89.45)	- (-)	- (32.85)		
	Stand by letter of credit given by NRB Bearings Ltd.	- (981.20)	1119.36 (981.20)	- (-)		
	Guarantees given by NRB Bearings Ltd.	- (-)	1732.86 (1549.85)	- (-)		
Mr. T. S. Sahney	Remuneration	154.58 (145.27)	- (-)	54.00 (49.50)		
	Purchase of equity shares in a subsidiary	4.00 (-)	- (-)	- (-)		
Ms. H. S. Zaveri	Remuneration	131.78 (120.87)	- (-)	24.00 (22.26)		
Mr. D. S. Sahney	Remuneration	86.82 (74.75)	- (-)	18.00 (14.64)		
	Purchase of equity shares in a subsidiary	1.00 (-)	- (-)	- (-)		
New Indo Trading Company	Service Charges Paid.	5.60 (5.60)	- (-)	- (-)		
Mrs. H.B.K. Sahney	Sale of tenancy rights	- (222.00)	- (-)	- (-)		
Schneeberger India Private Limited	Reimbursement of expenses	7.77 (7.95)	- (-)	- (-)		
	Rent received	5.64 (4.51)	- (-)	- (-)		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

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

Name	Balance as at 31.03.2012	Maximum amount outstanding during the year ended 31.03.2012
	Rs. lacs	Rs. lacs
Loans and advances in the nature of loans to subsidiary companies-		
SNL Bearings Limited	- (300.00)	(300.00) (300.00)
NRB Bearings (Thailand) Limited	- (23.37)	(23.37) (40.69)

Footnote:

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

NOTE 33 - Lease Rentals

The company has taken certain vehicles on operating lease. Lease rental charged to the statement of profit and loss for the year ended 31.03.2012 aggregated Rs. 44.72 lacs (for the year ended 31.03.2011: Rs. 43.14 lacs). The minimum lease payments to be made in future as at the year end, in respect of non-cancellable lease are follows:

	For the year ended 31.03.2012 Rs. Lacs	For the year ended 31.03.2011 Rs. Lacs
(i) For a period not later than one year	40.21	28.52
(ii) For a period later than one year and not later than five years	76.87	27.14
(iii) For a period later than five years	-	-

NOTE 34 - Value used in calculating Earnings Per Share

(i) Profit after tax (Rs. in lacs)	4828.67	5391.52
(ii) Number of Equity Shares	96922600	96922600
(iii) Par value per share (Rs.)	2	2
(iv) Earnings per share - Basic and diluted (Rs.)	4.98	5.56

NOTE 35 - Value of imported and indigenous materials consumed

	For the year ended 31.03.2012		For the year ended 31.03.2011	
	Rs. Lacs	Percentage (%)	Rs. Lacs	Percentage (%)
Imported	6221.00	30	4803.43	28
Indigenous	14579.35	70	12397.98	72
	20800.35	100	17201.41	100

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

NOTE 36 - Value of imported and indigenous Stores & spare parts consumed:

	For the year ended 31.03.2012		For the year ended 31.03.2011	
	Rs. Lacs	Percentage (%)	Rs. Lacs	Percentage (%)
Imported	856.92	17	696.89	16
Indigenous	4288.86	83	3732.60	84
	5145.78	100	4429.49	100

NOTE 37 - CIF value of imports:

	For the year ended 31.03.2012 Rs. Lacs	For the year ended 31.03.2011 Rs. Lacs
i) Raw materials and components	6423.08	4968.51
ii) Stores and spare parts	977.67	715.92
iii) Capital Goods	3338.00	2186.89

NOTE 38 - Expenditure in foreign currency

i) Foreign travel	118.98	118.29
ii) Commission on exports	99.53	40.37
iii) Interest	424.05	97.35
iv) Salary	145.70	87.24
v) Professional fees	43.21	28.07
vi) Repairs	30.09	-

NOTE 39 - Earnings in foreign exchange:

i) Export of goods calculated on F.O.B basis	7054.55	4058.52
ii) Reimbursement of insurance and freight on exports	534.20	384.00
iii) Agency commission	53.53	48.86

NOTE 40 - Financial and Derivative Instruments

i) Forward Exchange Contracts entered into by the company that are outstanding as at 31st March, 2012:

Currency	Amount in foreign currency	Buy/Sell	Cross Currency
USD	200,000	Buy	INR
	(-)	(-)	(-)
USD	366,077	Sell	JPY
	(-)	(-)	(-)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

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

No. of contracts	2 (2)
Principal amount in US Dollars	303,140 (545,652)
Equivalent rupees at year end rate in Rs. Lacs	154.24 (243.00)
Principal amount in yen (cross currency swap in US Dollars)	129,138,588 (232,449,456)
Equivalent dollars at year end rate	1,319,562 (2,347,497)

iii) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts: 4 (as at 31.3.2011: 1)

iv) Foreign currency exposures that have not been hedged by a derivative instrument or other wise outstanding as at 31.03.2012:

	Currency	Amount	Equivalent Rs. Lacs as at year end
a) Amount receivable in foreign currency :			
Export of goods	USD	6,923,150 (3,332,198)	3515.48 (1485.83)
	EURO	2,889,658 (1,858,278)	1962.37 (1178.15)
b) Amounts payable in foreign currency :			
Import of goods	JPY	98,770,431 (110,154,405)	650.89 (593.18)
	EURO	1,005,151 (1,072,971)	645.35 (680.59)
	USD	283,733 (45,917)	144.89 (20.48)
	GBP	1,452 (1,304)	1.03 (0.94)
	CHF	13,708 (34)	6.74 (0.02)
	THB	1,202,014 (2,228,780)	18.23 (32.87)
Capital Imports	JPY	100,943,939 (332,582,196)	617.17 (1790.95)
	USD	15,300 (-)	7.66 (-)
Loans payable	USD	28,224,626 (2,347,497)	14360.69 (1046.98)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)
NOTE 41 - Employee Benefits:
1) Defined contribution plans

Contribution to Defined Contribution Plans, recognised in the statement of profit and loss for the year, under employee benefit expense, are as under :

	For the year ended 31.03.2012 Rs. Lacs	For the year ended 31.03.2011 Rs. Lacs
i) Employer's Contribution to Provident Fund	231.05	234.90
ii) Employer's Contribution to Family Pension Fund	89.30	70.76
iii) Employer's Contribution to Superannuation Fund	116.80	94.82

2) Defined Benefit Plans :

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

Particulars	As at 31st March, 2012	As at 31st March, 2011
	Rs. Lacs	Rs. Lacs
i) Components of employer expenses		
a) Current Service cost	71.88	67.03
b) Interest cost	112.19	100.51
c) Expected return on plan assets	(96.99)	(88.63)
d) Actuarial Losses/ (Gains)	428.39	73.58
Total expenses recognised in the Statement of Profit and Loss	515.47	152.49
ii) Actual Contribution and Benefit Payments for year		
a) Actual benefit payments	197.57	102.61
b) Actual Contributions	147.51	130.00
iii) Change in Defined Benefit Obligations (DBO) during the year		
a) Present Value of DBO at the beginning of the year	1359.94	1232.88
b) Current Service cost	71.88	67.03
c) Interest cost	112.19	100.51
d) Actuarial Losses/ (Gains)	391.53	62.13
e) Benefits paid	(197.57)	(102.61)
Present Value of DBO at the end of the year	1737.97	1359.94
iv) Change in Fair Value of Assets during the year		
a) Plan assets at beginning of the year	1212.40	1107.83
b) Expected return on plan assets	96.99	88.63
c) Actuarial (Losses)/ Gains	(36.86)	(11.45)
d) Actual Company contributions	147.51	130.00
e) Fair Value of benefits paid	(197.57)	(102.61)
Fair value of plan assets at the end of year	1222.48	1212.40
v) Contribution expected to be paid next year	195.84	94.69

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

Particulars	As at 31st March, 2012	As at 31st March, 2011
vi) Actuarial Assumptions		
a) Discount Rate	8.50%	8.25%
b) Expected rate of return on Plan assets	8.60%	8.00%
c) Salary escalation	5% - 8%	3%-4%
d) Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
e) Attrition rate	10% - 2%	4% - 3%
vii) The major categories of plan assets - Insurer Managed Funds	100.00%	100.00%

Particulars	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009	As at 31st March, 2008
	Rs. Lacs				
viii) Net asset/(liability) recognised in balance sheet					
a) Defined Benefit Obligation	(1737.97)	(1359.94)	(1232.88)	(886.53)	(754.12)
b) Fair Value of Plan assets	1222.48	1212.40	1107.83	888.12	751.06
c) Net asset/(liability) recognised in balance sheet	(515.47)	(147.54)	(125.05)	1.59	(3.06)
d) Experience adjustment arising on:					
1) Plan Liabilities [Losses/(Gains)]	111.21	(32.42)	97.54	87.62	72.66
2) Plan Assets [(Losses)/Gains]	(36.86)	(11.45)	66.62	(96.73)	(5.88)

Footnotes:

- (i) 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.
- (ii) The assumption of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, increment and other relevant factors.
- (iii) The discount rate is based on prevailing market yield of Government of India security as at the Balance sheet date for the estimated term of the obligation.
- b) Compensated Expenses recognised in the statement of profit and loss for the year, under employee benefit expense, is Rs. 261.25 lacs (for the year ended 31.03.2011 : Rs 218.64 lacs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)

NOTE 42 -

On 19th April, 2011, the Board of Directors approved the scheme of arrangement under applicable sections of Companies Act, 1956, the merger of Trilochan Investments Company Private Limited (TICPL) (formerly known as Trilochan Sahney Finance and Holdings Private Limited) and the Company with effect from 1st October, 2011 viz appointed date. The same was approved by the Hon'ble High Court of Judicature at Bombay on 13th January, 2012 and filed with the Registrar of Companies on 2nd February, 2012 viz. effective date.

Consequent to the merger, accounted under pooling of interests method, the Company has cancelled 37755640 equity shares of the Company held by TICPL and equivalent number of equity shares have been issued to equity shareholders of TICPL namely, Trilochan Singh Sahney Trust 1 (held by the trustee in his individual name) as consideration for the merger. The consequent change in the register of members has been made subsequent to 31st March, 2012 on receipt of approval from stock exchanges.

The assets taken over of TICPL, an investment Company comprise of investments in equity shares of NRB Bearings Limited of Rs. 6785.63 lacs, bank balance of Rs. 24.58 lacs and liabilities of Rs. 24.58 lacs. The reserves of TICPL namely, general reserve of Rs. 6172.64 lacs, securities premium of Rs. 601.89 lacs and capital redemption reserve of Rs. 11.10 lacs have been accounted for at their respective book values. The value of investments of Rs. 6785.63 lacs have been adjusted against general reserve resulting in net adjustment of Rs. 612.99 lacs.

NOTE 43 -

The board of directors in its meeting held on 12th October, 2011 approved the demerger of the industrial bearings undertaking of the Company into NRB Industrial Bearings Limited (NIBL), a wholly owned subsidiary incorporated to carry out the business of manufacturing and selling industrial bearings under the Scheme of Arrangement (the scheme), subsequently also approved by the shareholders on 3rd February, 2012 in an extra ordinary general meeting convened by the court. The said scheme is subject to statutory and contractual approvals, as may be required. Upon the scheme becoming effective, in consideration of the transfer and vesting of the industrial bearings undertaking in to NIBL, NIBL will allot to all shareholders of NRB Bearings Limited, fully paid up equity shares in the ratio of one share for every four shares held in NRB Bearings Limited. The appointed date for the scheme is 1st October, 2012.

The information regarding comparison in respect of the year ended on 31st March, 2012 of sales, profitability and assets of the industrial bearings undertaking against corresponding figures of the Company is given in the table below.

			Rs. Lacs
	Sales	Profit before tax	Assets
Industrial Bearings business	3467	565	3490
Total of the Company	54071	6887	61277

Considering the industrial bearings undertaking's insignificant scale of operations as compared to the Company's total operations, the demerger of the industrial bearings undertaking will not have a material impact on the Company's financials.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (contd.)**NOTE 44 -**

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 2011 is given below :

Name of the Joint venture company	Percentage of holding	Assets	Liabilities	Income	Expenditure
Schneeberger India Private Limited (incorporated in India)	45%	54.93	# 31.32	67.20	18.18
	(45%)	(31.02)	# (16.11)	(40.43)	(14.89)

There are no capital commitment nor contingent liabilities.

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

net after deducting shareholders' funds.

NOTE 45 -

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped wherever necessary.

Signature to Notes

For and on behalf of the Board of Directors

T. S. Sahney

Executive Chairman

H. S. Zaveri

Managing Director & President

K. S. Pant

K. M. Elavia

A. N. Desai

D. S. Sahney

Directors

Jyotsna Sharma

Chief Financial Officer

S. C. Rangani

Sr. V P & Company Secretary

Mumbai : May 30, 2012

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

	SNL BEARINGS LTD	NRB BEARINGS (THAILAND) LTD	NRB INDUSTRIAL BEARINGS LTD
A. The Financial Year of the Subsidiary Company	31st March, 2012	31st March, 2012	31st March, 2012
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 fully paid up	50,000 Equity Shares of Rs.10/- each fully paid up
(b) Extent of holding	73.45%	100.00%	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, 2012	Rs.446.51 lacs	(19977.49) THB'000	Rs. (1.43) lacs
(b) For the previous financial year	Rs. 381.71 lacs	(16479.44) THB'000	Not Applicable
D. Profit dealt with or losses provided for in the Accounts of the Holding Company			
(a) For the financial year ended 31st March, 2012	Nil	Nil	Nil
(b) For all previous financial years	Nil	Nil	Nil

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

H. S. Zaveri
Managing Director & President

K. S. Pant

K. M. Elavia

A. N. Desai

D. S. Sahney

Directors

Jyotsna Sharma
Chief Financial Officer

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

Mumbai : May 30, 2012

FINANCIAL DETAILS U/S 212(8) OF THE COMPANIES ACT 1956

DETAILS	SNL BEARINGS LTD	NRB INDUSTRIAL BEARINGS LTD	NRB BEARINGS (THAILAND) LTD	
	Rs in lacs	Rs in lacs	THB 000s	Rs in lacs
Paid up capital	961.15	5.00	50000.00	825.00
Reserves & Surplus	(42.22)	(1.43)	(85316.93)	(1407.73)
Total Assets (non-current assets + current assets)	1375.15	3.96	185887.42	3067.14
Total liabilities (non-current liabilities + current liabilities)	456.22	0.39	221204.35	3649.87
Investments (excl. investements in subsidiaries)	-	-	-	-
Revenues	2052.77	-	54471.45	898.78
Profit/(Loss) before tax	623.82	(1.43)	(19977.49)	(329.63)
Provision for tax	177.31	-	-	-
Profit/(loss) after tax	446.51	(1.43)	(19977.49)	(329.63)
Proposed dividend (excluding dividend distribution tax)	55.73	-	-	-

Exchange rate 1THB= INR
as on 31.3.12 1.65

For and on behalf of the Board of Directors

T. S. Sahney Executive Chairman	H. S. Zaveri Managing Director & President
K. S. Pant	K. M. Elavia
A. N. Desai	D. S. Sahney

Directors

Jyotsna Sharma Chief Financial Officer	S. C. Rangani Sr. V P & Company Secretary
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Mumbai : May 30, 2012

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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, 2012, the Consolidated Statement of Profit and Loss 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 subsidiaries whose financial statements reflect total assets of Rs. 3071.20 lacs as at 31st March, 2012, total revenue of Rs. 857.03 lacs and net cash outflows of Rs. 205.71 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. 54.93 lacs as on 31st December, 2011, total revenue of Rs. 67.20 lacs and net cash inflow of Rs.30.68 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 these subsidiaries and joint venture is based solely on the reports of the other auditors.
4. Without qualifying our opinion, we draw attention to note 38 of Consolidated financial statements wherein the company has proposed to demerge the industrial bearings undertaking in to a wholly owned subsidiary, NRB Industrial Bearings Limited (NIBL) with effect from 1st October, 2012 after obtaining the required approvals. The proposed demerger, as stated in the note, will not have a material impact on the company's Consolidated financial statements.
5. 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.
6. Further to our comments in the paragraphs 3 and 4 above and 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, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, 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, 2012

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31.03.2012		As at 31.03.2011
		Rs. Lacs	Rs. Lacs	Rs. Lacs
I EQUITY AND LIABILITIES				
1) Shareholders' Funds				
(a) Share Capital	2		1938.45	1938.45
(b) Reserves and Surplus	3		21436.74	18767.66
(c) Minority interest				
(i) Share capital		95.88		95.88
(ii) Reserves and surplus				
- Brought forward balance		(112.55)		(251.53)
- Transferred to majority interest on acquisition		-		19.79
- Transferred from profit & loss account		101.35		119.19
		(11.20)	84.68	(112.55)
Adjusted against majority interest		-		(16.67)
			21521.42	18750.99
			23459.87	20689.44
2) Non-Current Liabilities				
(a) Long term borrowings	4	16939.39		5076.78
(b) Deferred tax liabilities (Net)	5	1190.42		1160.07
(c) Long term provisions	6	356.22		287.36
			18486.03	6524.21
3) Current Liabilities				
(a) Short term borrowings	7	7566.01		5489.55
(b) Trade payables	8	6583.39		6193.26
(c) Other current liabilities	9	4336.21		4192.32
(d) Short-term provisions	10	2632.20		2383.62
			21117.81	18258.75
Total			63063.71	45472.40
II ASSETS				
1) Non-current assets				
(a) Fixed assets	11			
(i) Tangible assets		23028.00		18280.63
(ii) Intangible assets		69.83		127.60
(iii) Capital work-in-progress		2039.44		294.85
		25137.27		18703.08
(b) Goodwill arising on consolidation		47.75		47.75
(c) Non-current investments	12	7.09		7.09
(d) Long term loans and advances	13	3069.06		1774.28
(e) Other non-current assets	14	1.94		6.75
			28263.11	20538.95
2) Current assets				
(a) Inventories	15	13775.67		11237.74
(b) Trade receivables	16	12560.13		10252.50
(c) Cash and Cash Equivalents	17	5577.05		907.58
(d) Short-term loans and advances	18	2839.09		2535.63
(e) Other current assets	19	48.66		-
			34800.60	24933.45
Total			63063.71	45472.40

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A. C. Khanna
Partner

Mumbai: May 30, 2012

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

K. S. Pant

A. N. Desai

Jyotsna Sharma
Chief Financial Officer

H. S. Zaveri
Managing Director & President

K. M. Elavia

D. S. Sahney

Directors

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

Mumbai : May 30, 2012

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	For the year ended 31.03.2012		For the year ended 31.03.2011	
		Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
I. Revenue from operations (gross)		60793.56		52301.30	
Less: Excise duty		4796.12		4342.28	
Revenue from operations (net)	20		55997.44		47959.02
II. Other Income	21		153.72		350.07
III. TOTAL REVENUE (I + II)			56151.16		48309.09
IV. EXPENDITURE					
Cost of material consumed	21a		20453.90		16679.60
Purchase of Stock-in-Trade			121.79		116.09
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22		(1637.59)		(1342.54)
Employee benefit expense	23		9410.55		8534.30
Finance costs	24		1265.34		653.82
Depreciation and amortization expense	11		2926.84		2403.04
Other expenses	25		16269.39		13109.77
Total Expenses			48810.22		40154.08
V. PROFIT BEFORE TAX (III - IV)			7340.94		8155.01
VI. Tax expense:					
- Current tax		2257.74		2758.04	
- Less: MAT credit		(52.43)		-	
- In respect of earlier years		13.88		43.96	
Net current tax expense		2219.19		2802.00	
- Deferred tax		30.35		(119.86)	
			2249.54		2682.14
VII. PROFIT AFTER TAX (V - VI)			5091.40		5472.87
Parent company's share			4990.05		5353.68
Minority			101.35		119.19
Earnings per share (of Rs. 2 each) (Refer note 34)					
Basic, as well as diluted (In Rs.)			5.15		5.52
See accompanying notes forming part of the financial statements					

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A. C. Khanna
Partner

Mumbai: May 30, 2012

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

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D. S. Sahney

Directors

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

Mumbai : May 30, 2012

CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Rs.lacs	Year ended 31.03.2012 Rs.lacs	Rs.lacs	Year ended 31.03.2011 Rs.lacs
A. CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT BEFORE TAX		7340.94		8155.01
Adjustments for:				
Depreciation	2926.84		2403.04	
Foreign exchange gain unrealised	(374.93)		(34.66)	
Finance cost (net)	1265.34		653.82	
Dividend income	(6.83)		(20.06)	
(Profit) / loss on sale of fixed assets (net)	(0.01)		4.26	
Provision for doubtful debts	117.96		28.90	
Provision for compensated absences	183.76		39.19	
Provision for gratuity	364.75		36.18	
Foreign currency translation	(77.09)		(7.16)	
		4399.79		3103.51
		11740.73		11258.52
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS				
Changes in working capital:				
Adjustment for (increase)/ decrease in operating assets				
- Trade receivables	(2095.72)		(2786.88)	
- Short-term loans and advances	(188.46)		(508.06)	
- Long-term loans and advances	2.33		(131.52)	
- Other non-current assets	(1.94)		-	
- Inventories	(2537.93)		(2574.67)	
Adjustment in increase/ (decrease) in operating liabilities				
- Trade payables	435.11		1490.79	
- Other current liabilities	341.72		505.49	
		(4044.89)		(4004.85)
NET CASH GENERATED FROM OPERATIONS		7695.84		7253.67
Direct taxes paid (net of refund)		(2238.85)		(3192.73)
NET CASH FROM OPERATING ACTIVITIES		5456.99		4060.94
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of fixed assets (including adjustments on account of capital advances)		(11338.97)		(3586.97)
Sale of fixed assets		0.04		3.29
Purchase of additional shares in subsidiary		-		(64.95)
Dividend income		6.83		20.06
NET CASH USED IN INVESTING ACTIVITIES		(11332.10)		(3628.57)

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

	Year ended 31.03.2012 Rs.lacs	Year ended 31.03.2011 Rs.lacs
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	12538.17	1074.74
Proceeds from short term borrowings	25588.14	6800.00
Repayment of long term borrowings	(645.62)	(491.73)
Repayment of short term borrowings	(23300.00)	(6050.25)
Increase / (Decrease) in cash credit	(211.68)	387.37
Finance cost paid (net)	(1178.19)	(658.58)
Dividend paid	(1936.73)	(968.91)
Tax on dividend	(316.34)	(161.40)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	10537.76	(68.76)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	4662.65	363.61
Cash and cash equivalents as at the beginning of the year	914.33	550.34
Effects of exchange differences on restatement of foreign currency cash and cash equivalents	0.07	0.38
Cash and cash equivalents as at the end of the year	5577.05	914.33
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	-	6.75
Cash and cash equivalents as at the end of the year (Refer note 17)	5577.05	907.58

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A. C. Khanna
Partner

Mumbai: May 30, 2012

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

H. S. Zaveri
Managing Director & President

K. S. Pant

K. M. Elavia

A. N. Desai

D. S. Sahney

Directors

Jyotsna Sharma
Chief Financial Officer

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

Mumbai : May 30, 2012

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012**NOTE 1 : Significant accounting policies****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”. The accounting policies adopted in preparation of the financial statements are consistent with those followed in the previous year.

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/amortisation

- (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/amortisation 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 1(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 statement of profit and loss. 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 consolidated statement of profit and loss.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)**6. Investments**

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

7. Inventories

Inventories are valued at the lower of cost (weighted average method) and net realisable value. 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. Sale of products

- (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 consolidated statement of profit and loss 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 consolidated statement of profit and loss 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 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 consolidated statement of profit and loss.

- 2. Compensated absences

The Group provides for encashment of leave or leave with pay subject to certain rules. The employees

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)

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 consolidated statement of profit and loss.

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.

16. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

NOTE 2 : Share Capital

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
Authorised:		
100,000,000 (as at 31.03.2011 100,000,000)		
Equity shares of Rs.2 each	2000.00	2000.00
Issued, subscribed and fully paid up:		
96,922,600 (as at 31.03.2011 96,922,600)		
Equity shares of Rs. 2 each fully paid up	1938.45	1938.45
Per consolidated balance sheet	1938.45	1938.45

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

	As at 31.03.2012		As at 31.03.2011	
	Number of shares	Rs. Lacs	Number of shares	Rs. Lacs
Shares outstanding at the beginning of the year	96922600	1938.45	48461300	969.23
Add: Additional shares issued during the year by way of bonus	-	-	48461300	969.22
Less: Shares cancelled consequent to merger (Refer note 37)	37755640	755.11	-	-
Add: Shares issued consequent to merger (Refer note 37)	37755640	755.11	-	-
Shares outstanding at the end of the year	96922600	1938.45	96922600	1938.45

ii) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number of shares	% of holding	Number of shares	% of holding
Equity Shares:				
Trilochan Singh Sahney	11716406	12.09	5981906	6.17
Trilochan Investments Company Private Limited	-	-	18057500	18.63
Devinder Investments Company Private Limited	-	-	17807370	18.37
Trilochan Singh Sahney Trust 1 (held by a trustee in his individual name) (Refer note 37)	37755640	38.95	-	-
Acacia Partners, LP	4873980	5.03	4873980	5.03
ICICI Prudential Life Insurance Company Limited	5624714	5.80	5740804	5.92

(iii) Aggregate number of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of five years immediately preceding the Balance Sheet date:

Particulars	Number of shares as at 31.03.2012	Number of shares as at 31.03.2011
Fully paid up by way of bonus shares	48461300	48461300
Fully paid up shares allotted, consequent to merger, without payments being received in cash	37755640	-
	86216940	48461300

(iv) Rights attached to equity shares:

- Right to receive dividend as may be approved by the Board / Annual General Meeting.
- The equity shares are not repayable except in the case of a buy back, reduction of capital or winding up in terms of the provisions of the Companies Act, 1956.
- Every member of the company holding equity shares has a right to attend the General Meeting of the company and has a right to speak and on a show of hands, has one vote if he is present in person and on a poll shall have the right to vote in proportion to his share of the paid-up capital of the company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
NOTE 3 - Reserves and surplus

	As at 31.03.2012	As at 31.03.2011
Rs. Lacs	Rs. Lacs	Rs. Lacs
Capital reserve	25.00	25.00
Capital reserve arising on consolidation:		
Opening balance	-	20.13
Less: Adjusted with goodwill arising on consolidation during the year	-	20.13
Closing balance	-	-
Securities premium account:		
Opening balance	245.72	1214.94
Less: Capitalisation by way of bonus issue	-	969.22
Add: On account of merger (Refer note 37)	601.89	-
Closing balance	847.61	245.72
Capital Redemption reserve:		
Opening balance	200.00	-
Add: Transferred from surplus in the consolidated statement of profit and loss	200.00	200.00
Add: On account of merger (Refer note 37)	11.10	-
	411.10	200.00
Debenture redemption reserve	333.33	333.33
General reserve:		
Opening balance	13986.36	13445.63
Less: On account of merger (Refer note 37)	612.99	-
Add: Transferred from surplus in consolidated statement of profit and loss	475.90	540.73
Closing balance	13849.27	13986.36
Foreign currency translation reserve:		
Opening balance	76.07	83.23
Less: For the year	77.09	7.16
Closing balance	(1.02)	76.07
Surplus in the Consolidated Statement of Profit and Loss:		
Opening balance	3901.18	1543.02
Add: Profit for the year	4990.05	5353.68
Less: Appropriations		
Proposed dividend (Rs. 2 (as at 31.03.2011 Rs. 2) per share)	1938.45	1938.45
Tax on dividend	305.43	316.34
Transfer to general reserve	475.90	540.73
Transfer to capital redemption reserve	200.00	200.00
Closing balance	5971.45	3901.18
Per consolidated balance sheet	21436.74	18767.66

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
NOTE 4 - Long term borrowings

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
a) Non-convertible debentures		
Secured (Refer footnote i and ii (c) below)	2000.00	2000.00
b) Term loans in foreign currency from banks		
Secured (Refer footnote ii (a) below)	12433.96	695.35
c) Term loans from banks		
Secured (Refer footnote ii (b) below)	937.42	743.07
d) Deferred payment liabilities		
Unsecured: Interest free Sales tax loan	1568.01	1638.36
Per consolidated balance sheet	16939.39	5076.78

Footnotes :

- i) 200, 11.5% privately placed non-convertible debentures of Rs.1,000,000 each, redeemable at par, on 31st May, 2014.
- ii) Details of repayment of Loans

Particulars	Security	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
a. Term loans in foreign currency from banks			
External commercial borrowings	Secured by hypothecation of/charge on specified plant and machinery of the company.	801.05	1251.63
External commercial borrowings	Secured by hypothecation of/charge on specified plant and machinery of the company.	2606.55	-
External commercial borrowings	Secured by hypothecation of/charge on specified plant and machinery of the company.	2798.40	-
External commercial borrowings	Secured by hypothecation of all movable properties at Shendra and exclusive first charge over immovable fixed assets at Shendra.	6868.80	-
	Total	13074.80	1251.63
	Comprises of:		
	Long term borrowings	12433.96	695.35
	Current maturities of long term borrowings	640.84	556.28

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)

Particulars	Security	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
b. Term loans from banks			
Long - term loan	Secured by hypothecation of/charge on specified plant and machinery.	354.75	523.27
Long - term loan	Secured by hypothecation of/charge on specified plant and machinery.	1109.55	448.59
	Total	1464.30	971.86
	Comprises of:		
	Long term borrowings	937.42	743.07
	Current maturities of long term borrowings	526.88	228.79
c. Non-convertible debentures			
	Secured by first pari passu charge on specified plant and machinery of the company.	2000.00	2000.00
d. Interest free Sales tax loan			
Sales tax deferral scheme	-	1649.55	1684.80
	Comprises of:		
	Long term borrowings	1568.01	1638.36
	Current maturities of long term borrowings	81.54	46.44

iii) For the amount of current maturities of long term borrowings, refer note 9 - Other current liabilities

NOTE 5 - Deferred tax

Nature of timing difference	Deferred tax asset /(liability) as at 31.03.2011 Rs. Lacs	Credit/(charge) for the year	Deferred tax asset/(liability) as at 31.03.2012 Rs. Lacs
a) Deferred tax liability			
Depreciation	(1644.16)	(67.91)	(1712.07)
Sub - total	(1644.16)	(67.91)	(1712.07)
b) Deferred tax asset			
Provision for doubtful debts	181.55	37.76	219.31
Voluntary retirement compensation	114.09	2.49	116.58
Provision for compensated absences	127.85	55.18	183.03
Provision for Gratuity*	3.98	(1.24)	2.74

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)

Carry forward business loss*	56.62	(56.62)	0.00
Others	-	(0.01)	(0.01)
Sub - total	484.09	37.56	521.65
Per consolidated balance sheet	<u>(1160.07)</u>	<u>(30.35)</u>	<u>(1190.42)</u>

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

NOTE 6 - Long term provisions

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
Provisions for employee benefits:		
Compensated absences	356.13	287.36
Gratuity	0.09	-
Per consolidated balance sheet	<u>356.22</u>	<u>287.36</u>

NOTE 7 - Short term borrowings
a) Loans repayable on demand

Cash credit from banks (Refer footnote 1 below)

Secured	262.99	474.67
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b) Other Loans from banks:

Secured (Refer footnote 2 below)	-	1800.00
Unsecured	3387.48	2214.88

c) Other Loans in foreign currency from banks:

Secured (Refer footnote 3 below)	1415.54	-
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d) Other Loans:

Unsecured: Commercial papers (Maximum balance outstanding during the year Rs. 2500 lacs; 31.3.2011 Rs. 2500 lacs)	2500.00	1000.00
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Per consolidated balance sheet	<u>7566.01</u>	<u>5489.55</u>
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Footnotes:

- 1) Cash Credit taken from banks are secured by hypothecation of all current assets. Further, loan taken by the subsidiary is guaranteed by the parent company.
- 2) Other loan from banks is secured by hypothecation of inventories and trade receivables on pari passu basis.
- 3) Secured by hypothecation of inventories and trade receivables.

NOTE 8 - Trade payables

Trade payables	6583.39	6193.26
Per consolidated balance sheet	<u>6583.39</u>	<u>6193.26</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
NOTE 9 - Other current liabilities

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
Current maturities of long-term debt (Refer footnote i below)		
- Term loans in foreign currency from banks	640.84	556.28
- Interest free Sales tax loan	81.54	46.44
- Term loans from banks	526.88	228.79
Security deposit	596.56	550.31
Interest accrued but not due on borrowings	201.66	65.85
Unpaid dividends (unclaimed) (refer footnote ii below)	15.76	14.04
Other Payables		
- Fixed assets	714.26	1835.30
- Statutory dues	750.70	610.81
- Advances received	291.54	135.96
- Gratuity	515.47	147.54
- Gratuity in respect of Executive Chairman	1.00	1.00
Per consolidated balance sheet	4336.21	4192.32

Footnotes:

- i. Refer footnote ii(a), ii(b) and ii(d) in note 4 - Long term borrowings for details of security
- ii. There is no amount outstanding due as at the balance sheet date to be credited to the Investor Education and Protection Fund.

NOTE 10 - Short term provisions

a) Provisions for employee benefits:		
Compensated absences	208.00	93.01
Gratuity	8.44	11.71
	216.44	104.72
b) Provision - Others:		
Taxation less payments there against	171.88	15.61
Fringe benefit tax (net of payments)	-	8.50
Proposed dividend	1938.45	1938.45
Tax on dividend	305.43	316.34
	2415.76	2278.90
Per consolidated balance sheet	2632.20	2383.62

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)

NOTE 11 - Fixed Assets

Description	GROSS BLOCK - AT COST				DEPRECIATION/AMORTISATION					NET BLOCK		
	Opening Balance As at 01.04.11	Additions	Foreign currency translation reserve	Deductions	Closing Balance As at 31.03.12	Opening Balance As at 01.04.11	For the year	Foreign currency translation reserve	On Deductions	Closing Balance As at 31.03.12	As at 31.03.12	As at 31.03.11
	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	214.82	-	18.40	-	233.22	-	-	-	-	-	233.22	214.82
Leasehold land	177.42	748.17	-	-	925.59	11.78	4.43	-	-	16.21	909.38	165.64
Buildings and flats	4640.42	84.58	61.92	-	4786.92	1295.61	146.52	10.04	-	1452.17	3334.75	3344.81
Plant and equipment (Refer note 29)	33834.48	6333.96	120.29	-	40288.73	20440.39	2534.55	14.66	-	22989.60	17299.13	13394.09
Furniture and fixtures	635.38	168.59	12.30	0.18	816.09	373.33	60.20	4.14	0.15	437.52	378.57	262.05
Office equipments	961.46	36.18	1.05	-	998.69	732.00	38.99	0.68	-	771.67	227.02	229.46
Electrical installations	962.78	51.96	10.12	-	1024.86	540.44	45.25	2.75	-	588.44	436.42	422.34
Vehicles	501.26	-	-	-	501.26	253.84	37.91	-	-	291.75	209.51	247.42
Sub Total (A)	41928.02	7423.44	224.08	0.18	49575.36	23647.39	2867.85	32.27	0.15	26547.36	23028.00	18280.63
B. Intangible Assets												
Computer Software	380.75	0.43	1.55	-	382.73	253.15	58.99	0.76	-	312.90	69.83	127.60
Sub Total (B)	380.75	0.43	1.55	-	382.73	253.15	58.99	0.76	-	312.90	69.83	127.60
Total (A) + (B)	42308.77	7423.87	225.63	0.18	49958.09	23900.54	2926.84	33.03	0.15	26860.26	23097.83	
Previous year	38256.33	3981.92	85.99	15.47	42308.77	21496.37	2403.04	9.05	7.92	23900.54		18408.23
Capital work-in-progress											2039.44	294.85
Per consolidated balance sheet											25137.27	18703.08

Footnotes:

1. Buildings and flats include:
 - a. Shares in respect of residential premises of a cost of Rs. 489.02 lacs (as at 31.03.2011 Rs. 481.86 lacs) in a co-operative society which is in the process of being transferred in the name of the company.
 - b. Cost of shares of an aggregate face value of Rs. 1000 in various co-operative housing societies.
2. Borrowing cost capitalised during the year Rs. 56.50 lacs (as at 31.03.2011 Rs. Nil).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
NOTE 12 - Non current investments

	Rs. Lacs	As at 31.03.2012 Rs. Lacs	Rs. Lacs	As at 31.03.2011 Rs. Lacs
A. Trade (Quoted)				
Shares		1.09		1.09
B. Non -Trade (Unquoted)				
Shares	1.00		1.00	
Mutual fund	5.00		5.00	
		6.00		6.00
Per consolidated balance sheet		7.09		7.09
Aggregate amount of quoted investments [market value Rs. 167.73 lacs (as at 31.03.2011: Rs. 131.25 lacs)]		1.09		1.09
Aggregate amount of unquoted investments		6.00		6.00
		7.09		7.09

NOTE 13 - Long term loans and advances

(Unsecured, considered good)

Capital Advances	2517.36	1272.68
Security deposits	397.62	343.75
Loans and advances to employees	23.56	23.44
Other loans and advances	25.94	113.69
Income taxes paid less provisions there against	20.72	20.72
MAT credit	52.43	-
Prepaid expenses	31.43	-
Per consolidated balance sheet	3069.06	1774.28

NOTE 14 - Other non-current assets

(Unsecured, considered good)

Non Current balances with Banks	-	6.75
Balance with Income Tax authorities	1.94	-
Per consolidated balance sheet	1.94	6.75

NOTE 15 - Inventories

(at lower of cost and net realisable value)

(a) Raw materials	3185.61	2890.10
Goods-in-transit	16.06	-
	3201.67	2890.10
(b) Work-in-progress	3877.20	3005.32
(c) Finished goods (other than those acquired for trading)	5042.53	4277.59
(d) Stock-in-trade (acquired for trading)	14.06	13.29
(e) Stores and spares	1640.21	1051.44
Per consolidated balance sheet	13775.67	11237.74

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
NOTE 16 - Trade receivables

	As at 31.03.2012	As at 31.03.2011
	Rs. Lacs	Rs. Lacs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
Secured, considered good	16.14	5.66
Unsecured, considered good	1081.66	1241.35
Unsecured, considered doubtful	675.96	558.00
	<u>1773.76</u>	<u>1805.01</u>
Provision for doubtful debts	675.96	558.00
	1097.80	1247.01
Other trade receivables:		
Secured, considered good	134.07	126.64
Unsecured, considered good	11328.26	8878.85
	<u>11462.33</u>	<u>9005.49</u>
Per consolidated balance sheet	<u>12560.13</u>	<u>10252.50</u>

NOTE 17 - Cash and cash equivalents

Cash on hand	3.92	4.40
Cheques on hand	10.26	49.03
Balances with banks		
In current accounts	286.34	800.17
In EEFC account	10.94	35.44
In deposit account	5249.83	4.50
In earmarked accounts:		
Unpaid dividend accounts	15.76	14.04
Per consolidated balance sheet	<u>5577.05</u>	<u>907.58</u>

Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is

5577.05	907.58
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NOTE 18 - Short term loans and advances

(Unsecured, considered good)

Security Deposit	-	0.11
Loans and advances to employees	52.01	42.38
Advance sales tax	443.22	443.22
Other loans and advances	689.72	810.33
Prepaid expenses	175.79	75.57
Income taxes paid less provisions there against	799.03	674.03
Fringe benefit tax paid less provisions there against	-	10.00
CENVAT/ Service tax credit receivable	679.32	479.99
Per consolidated balance sheet	<u>2839.09</u>	<u>2535.63</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
NOTE 19 - Other current assets

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
Interest receivable	48.66	-
Per consolidated balance sheet	48.66	-

NOTE 20 - Revenue from operations

	For the year ended 31.03.2012 Rs. Lacs	For the year ended 31.03.2011 Rs. Lacs
Sale of products	59906.49	51680.83
Other operating revenues:		
Sale of scrap	687.62	474.98
Duty drawback and export incentives	199.45	145.49
	887.07	620.47
	60793.56	52301.30
Less: Excise duty	4796.12	4342.28
Per consolidated statement of profit and loss	55997.44	47959.02

NOTE 21 - Other income

Agency Commission	119.25	88.41
Profit on sale of fixed assets (net)	0.01	-
Dividend income		
From long term investments		
- Trade	6.83	7.10
- Others	-	5.00
	6.83	12.10
From current investments		
- Others	-	7.96
	6.83	20.06
Sale of tenancy rights (net)	-	208.42
Rent	21.21	29.85
Other non-operating income	6.42	3.33
Per consolidated statement of profit and loss	153.72	350.07

NOTE 21a - Cost of materials consumed

Opening Stock	2891.27	1961.39
Add: Purchases	20750.57	17594.94
	23641.84	19556.33
Less: Closing stock	3187.94	2876.73
Per consolidated statement of profit and loss	20453.90	16679.60

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
NOTE 22 - Changes in inventories of finished goods, work-in-progress, stock-in-trade

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
Opening stocks:		
Work - in - progress	3005.32	2611.74
Finished goods	4277.59	3341.92
Stock-in-trade	13.29	-
	7296.20	5953.66
Closing stocks:		
Work - in - progress	3877.20	3005.32
Finished goods	5042.53	4277.59
Stock-in-trade	14.06	13.29
	8933.79	7296.20
Per consolidated statement of profit and loss - Net (increase) / decrease	(1637.59)	(1342.54)

NOTE 23 - Employee benefit expense

Salaries, wages and bonus	7474.10	6720.48
Contribution to provident and other funds	1015.71	608.56
Staff welfare	920.74	853.61
Voluntary retirement compensation	-	351.65
Per consolidated statement of profit and loss	9410.55	8534.30

NOTE 24 - Finance costs

Interest		
On fixed loans	1066.99	574.47
On others	341.71	24.64
	1408.70	599.11
Other borrowing costs	66.73	54.71
	1475.43	653.82
Less: Interest income		
From banks on deposits	210.02	-
On loans and advances	0.07	-
	210.09	-
Per consolidated statement of profit and loss	1265.34	653.82

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
NOTE 25 - Other expenses

	Rs. Lacs	For the year ended 31.03.2012 Rs. Lacs	Rs. Lacs	For the year ended 31.03.2011 Rs. Lacs
Consumption of stores and spare parts		5080.39		4465.08
Processing charges		2675.58		2147.09
Power and fuel		2334.67		1896.27
Repairs and maintenance -				
Buildings	286.81		178.17	
Plant and machinery	229.47		209.58	
Others	91.56		179.98	
		607.84		567.73
Insurance		65.46		50.98
Rent		24.89		27.80
Rates and taxes		49.14		80.66
Legal and professional fees		364.45		328.24
Directors' fees		15.35		8.65
Commission on sales		348.20		281.21
Sales discount		128.45		106.08
Travelling and conveyance		605.45		534.18
Postage, telephone and fax		118.13		69.57
Bank charges		59.71		54.98
Advertisement and publicity		101.35		85.49
Forwarding charges		1956.37		1257.19
Bad debts written off		-		22.38
Provision for doubtful debts		117.96		28.90
Lease rent		49.06		47.48
IT expenses		209.71		109.83
Excise duty on Increase/ (decrease) in inventories of finished goods		114.20		88.87
Net loss on foreign currency transactions and translation		88.76		46.57
Loss on sale of fixed assets (net)		-		4.26
Auditors' Remuneration (see footnote below)		55.01		47.99
Miscellaneous expenses		1099.26		752.29
Per consolidated statement of profit and loss		16269.39		13109.77
Footnote - Details of Auditors' Remuneration: (excluding service tax)				
Audit fees		25.17		22.21
Other services		29.74		25.59
Reimbursement of expenses		0.10		0.19
		55.01		47.99

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)

NOTE 26

- (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%), NRB Industrial Bearings Limited, a subsidiary incorporated in India (extent of shareholding – 100%, acquired during the year at face value), 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. 3067.14 lacs as at 31st March, 2012 (as at 31.03.11: Rs. 2139.09 lacs) and total revenues of Rs. 857.03 lacs (for the year ended 31.03.11: Rs. 641.24 lacs) and net cash outflows of Rs. 209.67 lacs (for the year ended 31.03.11 cash inflows : Rs. 207.98 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.

NOTE 27 - Contingent liabilities not provided for:

	As at 31.03.2012 Rs. Lacs	As at 31.03.2011 Rs. Lacs
(a) Income Tax	1035.04	812.00
(b) Sales Tax	118.08	118.08
(c) Customs Duty	158.87	158.87
(d) Bank guarantees	7.75	3.75

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 lakhs including interest of Rs. 46.73 lakhs for default in making payment of Employees Provident Fund and allied dues for the period April, 1986 to February, 2003. The Company has been making contributions to the 'SNL Officers Provident Fund Trust' and 'SNL Employee's Provident Fund Trust', being Trusts formed by the Company in earlier years; these Trusts have net assets of Rs. 92.82 lakhs and Rs. 51.29 lakhs respectively as at 31st March, 2011 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 company's bank accounts and had recovered an amount of Rs. 2.75 lakhs in an earlier year. The company has contested the above demand and on a writ petition filed by the company 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 Company denies all the allegations made against it since the company 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 company does not expect any liability in this regard.
- (g) Provident fund and other matters in respect of workers: Rs. 5.05 lakhs (as at 31.03.2011 : Rs. 5.05 lakhs)

NOTE - 28

	Year ended 31.03.2012 Rs. Lacs	Year ended 31.03.2011 Rs. Lacs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	11851.83	5258.90

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)

NOTE 29 - The amount of exchange differences (net):

	Year ended 31.03.2012 Rs. Lacs	Year ended 31.03.2011 Rs. Lacs
(i) (credited) / debited to the consolidated statement of profit and loss is	88.76	46.57
(ii) added to / (deducted from) the carrying amount of fixed assets is	387.81	67.88

NOTE 30 - Expenditure on research and development:

(a) charged to the consolidated statement of profit and loss	500.46	352.60
(b) capitalized to fixed assets	16.15	19.56

NOTE 31 - Segment reporting

The Company has a single reportable business segment namely bearings for the purpose of Accounting Standard 17 on Segment Reporting.

Geographical Segment information is given as follows:

	Within India	Outside India	Total
Revenue from operations	48089.81 (43203.43)	7907.63 (4755.59)	55997.44 (47959.02)
Total Assets	54256.91 (40614.93)	8806.80 (4857.47)	63063.71 (45472.40)
Additions to fixed assets	6661.86 (3757.55)	762.01 (224.37)	7423.87 (3981.92)

Footnote:

Figures in brackets are in respect of the previous year.

NOTE 32 - Related party disclosures:

i) Name of the related party and nature of relationship:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
ii) Transactions with related parties

Name of the related parties	Nature of transaction	Volume of transactions Rs.lacs	Receivable As at 31.03.2012 Rs.lacs	Payable As at 31.03.2012 Rs.lacs
Mr. T. S. Sahney	Remuneration	154.58 (145.27)	- (-)	54.00 (49.50)
	Reimbursement of incorporation expenses	0.06 (-)	- (-)	- (-)
Ms. H. S. Zaveri	Remuneration and Directors fees	132.23 (121.27)	- (-)	24.00 (22.66)
Mr. D. S. Sahney	Remuneration	86.82 (74.75)	- (-)	18.00 (14.64)
Mr. M. N. Hoda	Directors fees	- (0.13)	- (-)	- (-)
Ms. A. Gowariker	Directors fees	0.03 (-)	- (-)	- (-)
Mr. S. C. Rangani	Directors fees	0.32 (0.20)	- (-)	- (-)
Mr. J. S. Maini	Directors fees	0.20 (0.20)	- (-)	- (-)
Mr. V. S. Iyer	Directors fees	0.45 (0.42)	- (-)	- (-)
Mr. A S Kohli	Remuneration	22.67 (23.34)	- (-)	- (-)
Mrs. H. B. K. Sahney	Sale of Tenancy Rights	- (222.00)	- (-)	- (-)
New Indo Trading Company	Service charges paid	5.60 (5.60)	- (-)	- (-)

Footnote:

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

NOTE 33 - Lease Rentals

The group has taken certain vehicles and factory land on operating lease. Lease rentals charged to the consolidated statement of profit and loss for the year ended 31st March, 2012 aggregated Rs. 49.06 lacs (for the year ended 31.03.2011: Rs. 47.48 lacs). The minimum lease payments to be made in future as at the year end are as follows:

	For the Year ended 31.03.2012	For the Year ended 31.03.2011
(i) For a period not later than one year	44.55	32.86
(ii) For a period later than one year and not later than five years	98.57	48.84
(iii) For a period later than five years	-	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)

NOTE 34 - Value used in calculating Earnings Per Share

Particulars	For the Year ended 31.03.2012	For the Year ended 31.03.2011
(i) Profit after tax (Rs. in lacs)	4990.05	5353.68
(ii) Number of Equity Shares	96922600	96922600
(iii) Par value per share (Rs.)	2	2
(iv) Earnings per share - Basic and diluted (Rs.)	5.15	5.52

NOTE 35 - Financial and Derivative Instruments

i) Forward Exchange Contracts entered into by the company that are outstanding as at 31st March, 2012:

Currency	Amount in foreign currency	Buy/Sell	Cross Currency
USD	200,000 (-)	Buy (-)	INR (-)
USD	366,077 (-)	Sell (-)	JPY (-)

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

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

No. of contracts	2 (2)
Principal amount in US Dollars	303,140 (545,652)
Equivalent rupees at year end rate in Rs. Lacs	154.24 (243.36)
Principal amount in yen (cross currency swap in US Dollars)	129,138,588 (232,449,456)
Equivalent dollars at year end rate	1,319,562 (2,347,497)

iii) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts: 4 (as at 31.3.2011: 1)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)

iv) Foreign currency exposures that have not been hedged by a derivative instrument or other wise outstanding as at 31.03.2012:

Purpose	Currency	Amount	Equivalent Rs. Lacs as at year end
a) Amount receivable in foreign currency :			
Export of goods	USD	6,928,974 (3,346,254)	3518.53 (1492.10)
	EURO	2,909,652 (1,862,115)	1,976.14 (1180.45)
	CHF	1,480 (4,065)	0.85 (1.96)
b) Amounts payable in foreign currency :			
Import of goods	JPY	98,770,431 (110,154,405)	650.89 (593.18)
	EURO	1,005,151 (1,207,949)	645.35 (766.10)
	USD	283,733 (45,917)	144.89 (20.48)
	CHF	27,368 (15,936)	14.46 (7.77)
	GBP	1,452 (1,304)	1.03 (0.94)
Capital Imports	JPY	100,943,939 (332,582,196)	617.17 (1790.95)
	USD	15,300 (-)	7.66 (-)
Loans payable	USD	28,224,626 (2,347,497)	14,360.69 (1046.98)

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

NOTE 36 - Employee Benefits:

1 Defined Contribution plans

Contributions to Defined Contribution Plan, recognized in the consolidated statement of profit and loss under employee benefit expense, for the year are as under:

Particulars	Rs. lacs	
	For the Year ended 31.03.2012	For the Year ended 31.03.2011
(i) Employer's Contribution to Provident Fund	242.13	1245.28
(ii) Employer's Contribution to Family Pension Fund	97.08	78.70
(iii) Employer's Contribution to Superannuation Fund	116.80	94.82

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
2 Defined Benefit plans

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

Rs.lacs

Sr. No.	Particulars	Year ended 31.03.2012	Year ended 31.03.2011
(i)	Components of employer expenses		
	a) Current Service cost	76.56	71.40
	b) Interest cost	120.16	107.15
	c) Expected return on plan assets	(105.43)	(95.85)
	d) Actuarial Losses / (Gains)	444.93	91.87
	e) Past Service cost- Vested Benefit	1.27	1.26
	Total expenses recognised in the consolidated Statement of Profit and Loss	537.49	175.83
(ii)	Actual Contribution and Benefit Payments for year		
	a) Actual benefit payments	206.09	111.77
	b) Actual Contributions	172.81	139.65
(iii)	Change in Defined Benefit Obligations (DBO) during the year		
	a) Present Value of DBO at the beginning of the year	1456.14	1,316.05
	b) Current Service cost	76.56	71.40
	c) Past Service cost- Vested Benefit	1.27	1.26
	d) Interest cost	120.16	107.15
	e) Actuarial Losses/ (Gains)	407.23	72.05
	f) Benefits paid	(206.09)	(111.77)
	Present Value of DBO at the end of the year	1855.27	1,456.14
(iv)	Change in Fair Value of Assets during the year		
	a) Plan assets at beginning of the year	1296.89	1,192.98
	b) Expected return on plan assets	105.43	95.85
	c) Actuarial (Losses)/ Gains	(37.70)	(19.82)
	d) Actual Company contributions	172.82	139.65
	e) Fair Value of benefits paid	(206.09)	(111.77)
	Fair value of plan assets at the end of year	1331.35	1296.89
(v)	Contribution expected to be paid next year	208.65	99.24
(vi)	Actuarial Assumptions		
	a) Discount Rate	8.00% - 8.50%	8.00% - 8.25%
	b) Expected rate of return on Plan assets	8.60%	8%
	c) Salary escalation	4% - 8%	3% - 4%
	d) Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
	e) Attrition rate	10% - 2%	4% - 3%
(vii)	The major categories of plan assets - Insurer Managed Funds	100%	100%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)

Rs.lacs

	Particulars	As at 31st March, 2012	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	(1855.27)	(1456.14)	(1316.05)	(974.76)	(825.83)
	b) Fair Value of Plan assets	1331.35	1296.89	1192.98	966.64	789.71
	c) Net asset/(liability recognised in balance sheet	537.49	(159.25)	(123.07)	(8.12)	(36.12)
	d) Experience adjustment arising on :					
	1) Plan Liabilities [Losses/(Gains)]	117.57	(22.62)	121.82	103.03	73.92
	2) Plan Assets [(Losses)/Gains]	(36.02)	(19.82)	62.44	(99.57)	(5.88)

Footnotes:

- (i) 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.
 - (ii) The assumption of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, increment and other relevant factors.
 - (iii) The discount rate is based on prevailing market yield of Government of India security as at the Balance sheet date for the estimated term of the obligation.
- b) Compensated Expenses recognized in the consolidated statement of profit and loss under employee benefit expense, is Rs. 264.09 lacs (for the year ended 31.03.2011: Rs. 219.93 lacs.)

NOTE 37

On 19th April, 2011, the Board of Directors approved the scheme of arrangement under applicable sections of Companies Act, 1956, the merger of Trilochan Investments Company Private Limited (TICPL) (formerly known as Trilochan Sahney Finance and Holdings Private Limited) and the Company with effect from 1st October, 2011 viz. appointed date. The same was approved by the Hon'ble High Court of Judicature at Bombay on 13th January, 2012 and filed with the Registrar of Companies on 2nd February, 2012 viz. effective date.

Consequent to the merger, accounted under pooling of interests method, the Company has cancelled 37755640 equity shares of the Company held by TICPL and equivalent number of equity shares have been issued to equity shareholders of TICPL namely, Trilochan Singh Sahney Trust 1 (held by the trustee in his individual name) as consideration for the merger. The consequent change in the register of members has been made subsequent to 31st March, 2012 on receipt of approval from stock exchanges.

The assets taken over of TICPL, an investment Company comprise of investments in equity shares of NRB Bearings Limited of Rs. 6785.63 lacs, bank balance of Rs. 24.58 lacs and liabilities of Rs. 24.58 lacs. The reserves of TICPL namely, general reserve of Rs. 6172.64 lacs, securities premium of Rs. 601.89 lacs and capital redemption reserve of Rs. 11.10 lacs have been accounted for at their respective book values. The value of investments of Rs.6785.63 lacs have been adjusted against general reserve resulting in net adjustment of Rs. 612.99 lacs.

NOTE 38

The board of directors in its meeting held on 12th October, 2011 approved the demerger of the industrial bearings undertaking of the Company into NRB Industrial Bearings Limited (NIBL), a wholly owned subsidiary incorporated to carry out the business of manufacturing and selling industrial bearings under the Scheme of Arrangement (the

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)

scheme), subsequently also approved by the shareholders on 3rd February, 2012 in an extra ordinary general meeting convened by the court. The said scheme is subject to statutory and contractual approvals, as may be required. Upon the scheme becoming effective, in consideration of the transfer and vesting of the industrial bearings undertaking in to NIBL, NIBL will allot to all shareholders of NRB Bearings limited, fully paid up equity shares in the ratio of one share for every four shares held in NRB Bearings Limited. The appointed date for the scheme is 1st October, 2012.

The information regarding comparison in respect of the year ended on 31st March, 2012 of sales, profitability and assets of the industrial bearings undertaking against corresponding figures of the Company is given in the table below.

	Sales	Profit before tax	Rs. Lacs Assets
Industrial Bearings business	3467	565	3490
Total of the Company	54071	6889	61277

Considering the industrial bearings undertaking's insignificant scale of operations as compared to the Company's total operations, the demerger of the industrial bearings undertaking will not have a material impact on the Company's financials.

NOTE 39

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, 2011 is given below :

Name of the Joint venture company	Percentage of holding	Assets	Liabilities	Income	Expenditure
Schneeberger India Private Limited (incorporated in India)	45%	54.93	# 31.32	67.20	18.18
	(45%)	(31.02)	# (16.11)	(40.43)	(14.89)

There are no capital commitment nor contingent liabilities.

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

net after deducting shareholders' funds.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2012 (Contd.)
NOTE 40

Information relating to subsidiaries as on 31st March, 2012

Rs. In Lacs

Sr. No.	Particulars	SNL Bearings Limited		NRB Bearings (Thailand) Limited		NRB Industrial Bearings Limited	
		31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
(a)	Capital	961.15	1161.15	825.00	737.00	5.00	-
(b)	Reserves	(42.22)	(423.96)	1407.73	963.10	(1.43)	-
(c)	Total Assets	1375.15	1203.13	3067.14	2139.09	3.96	-
(d)	Total Liabilities	1375.15	1203.13	3067.14	2139.09	3.96	-
(e)	Details of investment (except investment in subsidiaries)	-	-	-	-	-	-
(f)	Turnover	2018.85	1743.35	854.66	641.01	-	-
(g)	Profit / (loss) before taxation	623.82	480.75	(313.45)	(241.49)	(1.43)	-
(h)	Provision for taxation	177.31	99.04	-	-	-	-
(i)	Profit / (loss) after taxation	446.51	381.71	(313.45)	(241.49)	(1.43)	-
(j)	Proposed dividend	-	-	-	-	-	-

Exchange rate at the end of year (Thailand Baht to Indian Rupee) is 1.650 (for the year ended 31.03.2011 : 1.474)

NOTE 41

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped wherever necessary.

Signature to Notes

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

H. S. Zaveri
Managing Director & President

K. S. Pant
K. M. Elavia
A. N. Desai
D. S. Sahney

Directors

Jyotsna Sharma
Chief Financial Officer

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

Mumbai : May 30, 2012

FINANCIAL HIGHLIGHTS

Rs.in lacs

Year Ended	31.03.08	31.03.09	31.03.10	31.03.11	31.03.12
Sales (Net)					
Domestic	28607.69	24423.74	32015.49	42577.61	47016.12
Exports	3534.68	4418.52	2645.03	4058.52	7054.55
Sales Total	32142.37	28842.26	34660.52	46636.13	54070.67
Operating Profit (EBITDA)	7523.81	3732.89	6436.33	10804.69	10797.13
Profit Before Tax	5183.62	916.06	3714.96	7964.60	6886.72
Tax (Net)	1832.37	489.74	1274.07	2573.08	2058.05
Profit After Tax	3351.25	426.32	2440.89	5391.52	4828.67
Retained Earnings	1990.52	-480.84	1310.69	3138.60	2584.79
Dividend	1163.07	775.38	969.23	1938.45	1938.45
Tax on dividend	197.66	131.78	160.97	314.47	305.43
Earnings per share (FV Rs.2)	6.92	0.88	5.04	5.56	4.98
Dividend %	120	80	100	100	100
Shareholders' Funds	18061.83	17450.33	18761.02	21899.62	24484.41
Funds Employed	30047.35	31688.75	28314.41	27665.08	41996.59
Fixed Assets (Gross)	32196.62	34215.19	35378.08	39305.29	47758.83
Fixed Assets (Net)	16072.45	16151.55	15379.32	17025.86	22702.06
Fixed Asset Turnover (times)	2.00	1.79	2.25	2.74	2.38
Net Current Assets	12193.45	13744.50	11142.39	7481.65	15096.31
Working Capital Turnover (times)	2.64	2.10	3.11	6.23	3.58
Shareholder Nos	6305	6056	6235	9810	10008
Employee Nos	1456	1545	1558	1575	1653
Fixed Asset Turnover - Net sales/Net Fixed Assets at year end					
Working capital Turnover - Net sales/Net current assets as at year end					

NRB BEARINGS LIMITED

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

ADMISSION SLIP

I hereby record my presence at the 47th Annual General Meeting of members of the Company held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Friday 3rd August, 2012 at 3.00 p.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 47th Annual General Meeting of members of the Company held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Friday 3rd August, 2012 at 3.00 p.m.

Name.....

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

DP Id*	
Client Id*	

Folio No.	
No. of shares	

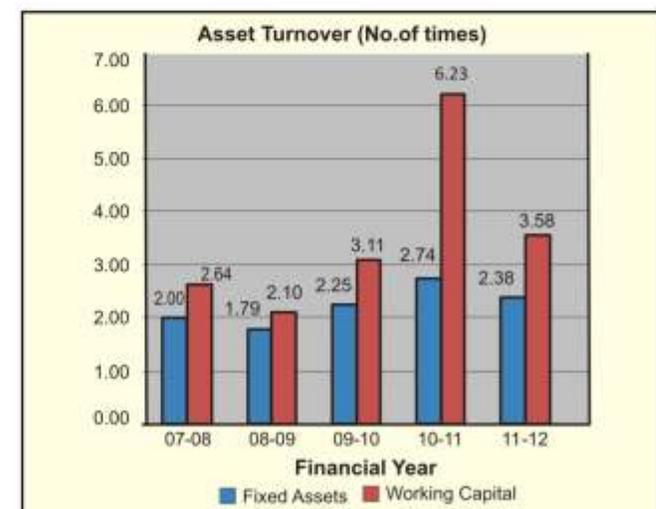
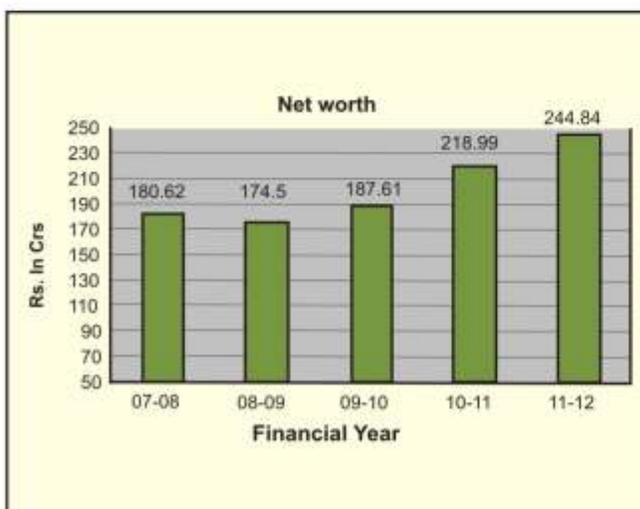
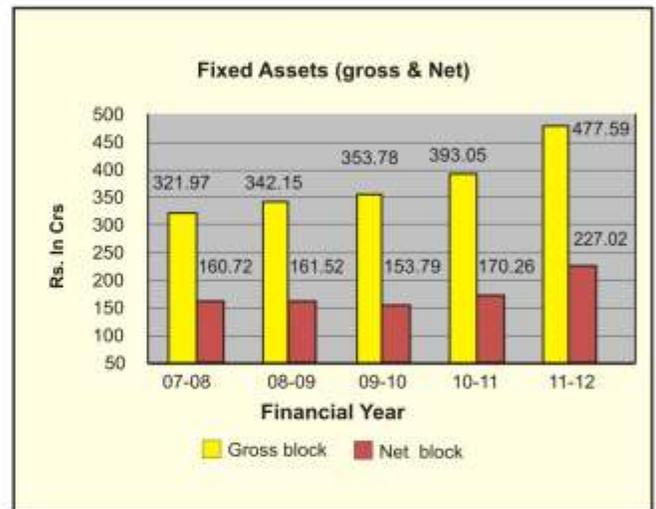
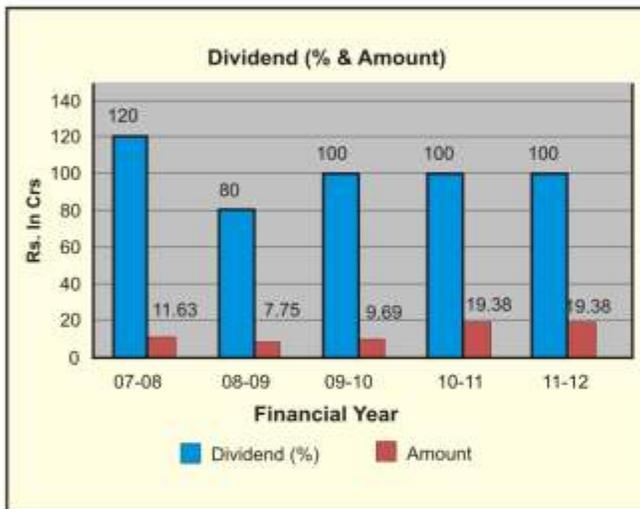
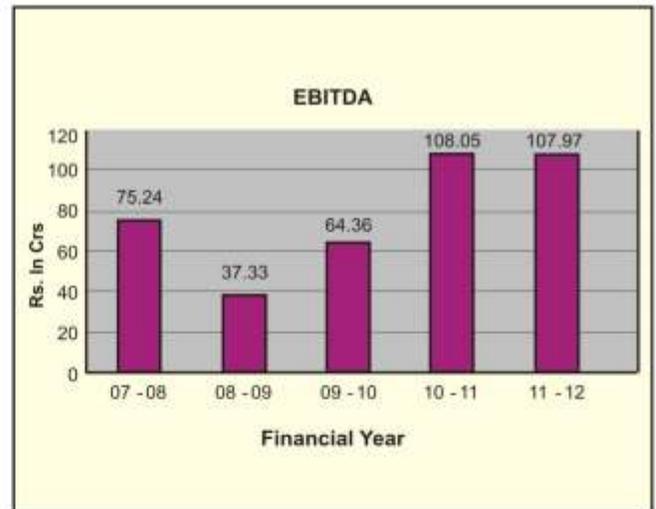
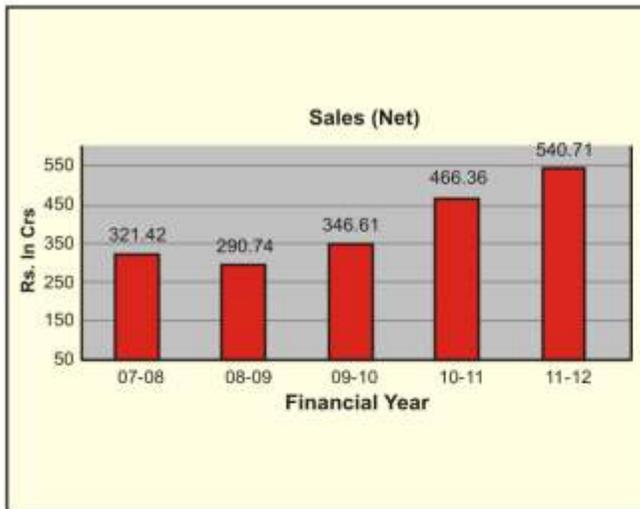
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Address

Signature

* Applicable for investors holding shares in electronic form

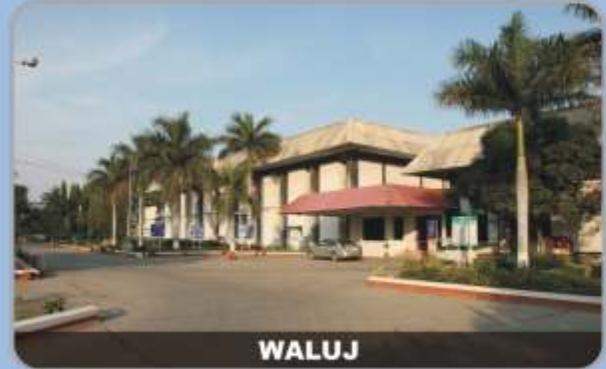
- Notes:**
1. The proxy need NOT be a member.
 2. THE PROXY FORM, DULY SIGNED ACROSS A REVENUE STAMP SHOULD REACH THE COMPANY'S CORPORATE OFFICE AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
 3. The proxy form should be filled in completely including 'Folio No.' and 'Address'.



NRB PLANTS



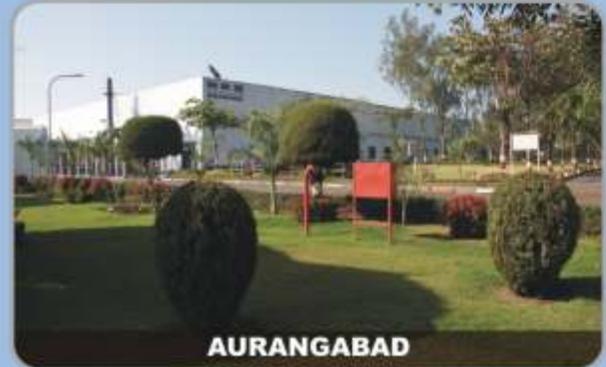
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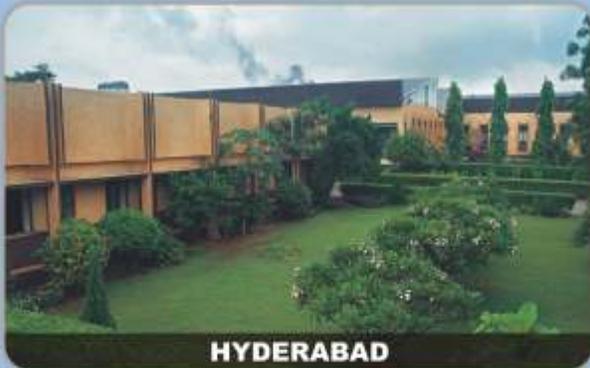
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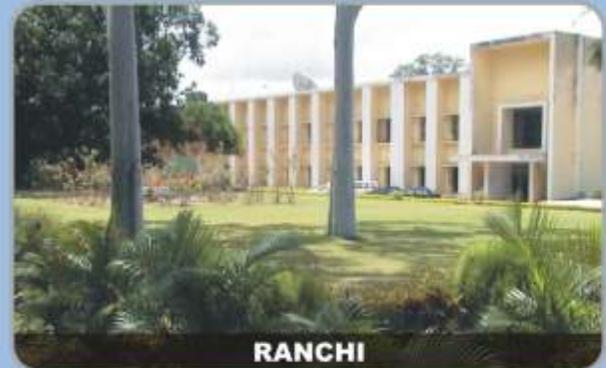
JALNA



AURANGABAD



HYDERABAD



RANCHI



THAILAND



PANTNAGAR