

**NRB**  
BEARINGS



## 48<sup>th</sup> Annual Report 2012-2013



## **ANNUAL REPORT**

### **2012-2013**

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

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## **AGM NOTICE**

The Members,  
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 48th Annual General Meeting of the members of the Company will be held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Tuesday 23rd July, 2013 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, 2013.
2. To declare a dividend for the year ended 31st March, 2013.
3. To appoint a Director in place of Ms.H S Zaveri who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr.Anand N Desai 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, the following Resolution as a Ordinary Resolution:

#### **Appointment of Mr.Tashwinder Singh as Additional Director**

"RESOLVED THAT Mr.Tashwinder Singh, who was appointed as an Additional Director by the Board of Directors of the Company on May 29, 2013, pursuant to Article 114(A) of the Articles of Association of the company and who holds office upto the date of this Annual General Meeting under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation."

7. To consider and if thought fit, to pass, the following Resolution as a Special Resolution.

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

"RESOLVED THAT in accordance with the provisions of section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, and subject to the approval of the Central Government under the provisions of Section 269 consent of the Company be and is hereby accorded to the appointment of Mr.T S Sahney as Executive Chairman with effect from 1st October, 2013 for a period of three years upon the terms and conditions and stipulations contained in the draft Agreement to be entered into between the Company and Mr.T S Sahney, a copy whereof is placed before the meeting and for the purpose of identification initialled by the Chairman hereof. The terms and conditions are as under:

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

Basic

Rs.5,00,000 in the grade of Rs.3,00,000 - Rs.10,00,000

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

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

**(i) Housing**

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

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

**(iii) Leave travel assistance**

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

**(iv) Reimbursement of Medical Expenses**

Reimbursement of medical expenses for self and spouse.

**(v) Personal Accident Insurance**

Premium not exceeding Rs.6500/- p.a.

**(vi) Club Fees**

Reimbursement of membership fees for clubs.

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

**(viii)** Contribution to Provident Fund, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income-Tax Act.

C. **Commission** - Such remuneration by way of Commission at the rate of 1% for each financial year, in addition to the above salary and perquisites calculated with reference to the net profit of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act, and limited to one year basic salary will be payable to the Executive Chairman for the relevant financial year.

**D. Minimum Remuneration**

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

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

By Order of the Board

**S C Rangani**  
Secretary

May 29, 2013

**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 16th July, 2013 to 23rd July, 2013 (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 23rd July, 2013.

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 15th July, 2013.

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 15th July, 2013.

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

**EXPLANATORY STATEMENT PURSUANT TO SECTION 192A(2) and 173(2) OF THE COMPANIES ACT, 1956.****Item No: 6****Appointment of Mr. Tashwinder Singh as Additional Director**

The Board of Directors appointed Mr. Tashwinder Singh as Additional Director at the Board meeting held on 29th May, 2013 effective that date. In terms of section 260 of the Companies Act, 1956 and Article 114(A) of the Articles of Association of the Company, Mr. Singh holds office as Director upto the date of the ensuing Annual General Meeting of the Company and is eligible for re-appointment as Director.

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

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

**Item No: 7****Appointment of Mr. T S Sahney as Executive Chairman**

Mr. T S Sahney was appointed as Executive Chairman of the company for a period of 3 years with effect from October 1, 2010 at the Annual General Meeting of the company held on August 4, 2010. His term ends on 30th September 2013.

The Board of Directors at their meeting held on 29th May, 2013 approved the re-appointment of Mr. T S Sahney as Executive Chairman for a further period of 3 years with effect from 1st October, 2013. The Board considers that the company can benefit immensely from the wealth of knowledge and experience that Mr. T S Sahney has accumulated during his working in the bearings industry. As members are aware, Mr. T S Sahney is one of the founder – promoters of the company and has nurtured its growth since its inception.

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

**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. Ms.H S Zaveri**

|   |  |
|---|--|
| Age   | 53 Years   |
| Qualification   | AB(BA)USA, B.Ed  |
| Expertise/Experience  | 26 years experience in the bearing industry. Held positions in areas of Corporate Planning, Purchase & Imports, Marketing and created strategic plan for NRB to become a supplier to global OEMs Appointed President in 2001, under her leadership company has consistently grown in sales and profit and is today an Indian company in an extremely precision industry competing with European, American and Japanese bearing companies on their home grounds. Elevated to Managing Director & President in October 2010. |
| Director Since  | 1995   |
| List of other Indian Public companies In which Directorship is held               | SNL Bearings Ltd   |
| Chairman/Member of Committees in other public companies in which he is a Director | SNL Bearings Ltd- Member -Audit Committee<br>Member -Shareholder/Investor's Grievance Committee  |
| No.of shares held   | 4464732  |

**2. Mr.Anand N Desai**

|   |  |
|---|--|
| Age   | 52 years   |
| Qualification   | Law degree from the Bombay University and completed his LLM in international Law from the University of Edinburgh, Scotland.                             |
| Expertise/Experience  | He is the managing partner DSK Legal, one of India's leading law firms. He has extensive experience in the fields of banking and financial services law. |
| Director Since  | April, 2010  |
| List of other Indian Public companies   | -  |
| In which Directorship is held   | L&T Welfare Company Ltd  |
| Chairman/Member of Committees in other public companies in which he is a Director | -  |
| No.of shares held   | -  |

**3. Mr.Tashwinder Singh**

|   |  |
|---|--|
| Age   | 43 years   |
| Qualification   | BE Electrical, MBA (Delhi University)  |
| Expertise/Experience  | 22 years of work experience. Started his career with Voltas Ltd (Electrical Business Group) and worked with Citigroup for 18 years in operations management, business development, commercial banking and private banking. Currently Director with Kohlberg Kravis Roberts, a reputed International Investment Banking firm. |
| Director Since  | May, 2013  |
| List of other Indian Public companies   |  |
| In which Directorship is held   | -  |
| Chairman/Member of Committees in other public companies in which he is a Director | -  |
| No.of shares held   | -  |

By Order of the Board

**S C Rangani**  
Secretary

May 29, 2013

**DIRECTORS' REPORT**

To  
The Members  
NRB BEARINGS LIMITED  
Mumbai

Your Directors have pleasure in presenting their Forty-eighth Annual Report together with Audited Accounts for the year ended 31st March, 2013.

**1. Financial Results**

|  | <b>Year ended<br/>31st March, 2013<br/>Rs. lacs</b> | Year ended<br>31st March, 2012<br>Rs. lacs |
|--|---|--|
| Profit before providing for<br>Depreciation and taxation | <b>8501.72</b>                                      | 9664.06                                    |
| Less: Depreciation                                       | <b>2997.18</b>                                      | 2777.34                                    |
| Provision for taxation                                   |   |  |
| Current (net)  | <b>1151.60</b>                                      | 2045.07                                    |
| In respect of earlier years                              | <b>(254.45)</b>                                     | 1.50                                       |
| Deferred tax   | <b>(96.18)</b>                                      | 11.48                                      |
| Profit after taxation                                    | <b>4703.57</b>                                      | 4828.67                                    |
| Add: Balance brought forward                             | <b>7475.11</b>                                      | 5373.19                                    |
|  | <b>12178.68</b>                                     | 10201.86                                   |
| Appropriation:   |   |  |
| Dividend   | <b>1647.68</b>                                      | 1938.45                                    |
| Tax on distributed profits                               | <b>269.82</b>                                       | 305.43                                     |
| General Reserve  | <b>470.36</b>                                       | 482.87                                     |
| Debenture Redemption Reserve                             | <b>166.67</b>                                       | -  |
| Profit & Loss Account                                    | <b>9624.15</b>                                      | 7475.11                                    |
|  | <b>12178.68</b>                                     | 10201.86                                   |

**2. Appropriation**

Dividend

Directors recommend dividend of Rs.1.70/- 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.1647.68 lacs.

**3. Operations / Outlook**

In FY 2012-13, as the year progressed, business environment remained difficult and operating in such an testing environment proved challenging. Amidst this sluggish environment your company once again achieved its highest ever sales turnover of Rs.56856 lacs (previous year Rs. 54071 lacs) a growth of 5.15% and also achieved its highest ever exports of Rs.14973 lacs (previous year Rs.7055 lacs). Profit before tax is lower at Rs.5505 lacs (previous year Rs.6886 lacs) down by 20.05% on account of higher input costs and finance costs. Benefiting from the lower effective tax rate on account of Pantnagar plant operations and R&D weighted deduction, the Profit after tax (PAT) was marginally down by 2.57% at Rs.4704 lacs (Rs.4828 lacs in 2011-12).

Indian economy has grown at its slowest pace in the last decade affected by factors like high inflation, tight liquidity and fiscal imbalances which affected the investment sentiments. Infrastructure development has suffered from lack of clarity on policy and high capital costs. The overall volatility in the environment has had a negative influence on consumer sentiment and demand. Even though the consumption story remains strong for India over a longer term period, the economy is still exposed to blips in the short term. Your company is committed towards



investing in NRB's future and for developing its R&D capabilities. We are confident that our capital expenditure programmes will enable us, in the long term, to take full advantage of our market position and achieve our growth ambitions.

As we move forward, revival of economical growth and appetite for investment among business leaders will depend largely on the pace of policy and structural reforms. Planned positive interventions by the Government in upgrading basic infrastructure across the country and skill enhancement of the young population, will eventually shape the way the Indian economy grows. Technology and innovation will be the leading drivers for growth and your company is taking steps to invest in qualitative growth as a part of its continuous improvement processes.

**4. Public Deposits**

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

**5. Directors**

Ms. H S Zaveri and Mr. Anand N Desai retire by rotation pursuant to Article 111 of the Articles of Association and are eligible for reappointment.

Mr. Tashwinder Singh has joined the Board as an independent non-executive Additional Director. The company has received notice from a shareholder proposing his appointment beyond the conclusion of the forthcoming Annual General Meeting, and accordingly the same has been included in the Notice.

**6. Subsidiaries**

As of 31st March, 2013 the company has two subsidiaries viz. SNL Bearings Ltd (SNL), and NRB Bearings (Thailand) Ltd. The consolidated results include the working of these subsidiaries.

SNL Bearings, in which your company holds 73.45% equity, has reported PAT of Rs.423.04 lacs (previous year Rs.446.51 lacs). Your company's net sales have grown by 12% in a slowing market, but with increased charges towards depreciation, finance and tax, PAT has shown a marginal decline. Capacity utilization has improved to keep pace with the growth in demand and the company has also undertaken investments to further enhance capacities. Your company will continue to make every effort to further improve its performance during the current year, by capitalising on the growth opportunities.

NRB Bearings (Thailand) Ltd, a wholly owned subsidiary, has increased its sales by 38% to THB 76.4 million (Rs.1413 lacs). The share of manufacturing revenues out of total revenues has been 18% at THB 13.45 million (Rs.250 lacs) which is expected to go up to 40% of total revenues in the current financial year to THB 50.0 million (Rs.925 lacs). The loss for the year has been reduced to THB 13.66 million (Rs.253 lacs) from THB 19.98 million (Rs.330 lacs). Manufacture of new products as well as enhanced production of needle rollers, planned during FY 2013-14 will ensure an improved financial performance.

Consequent upon the Scheme of Arrangement becoming effective from 1st October, 2012, NRB Industrial Bearings Ltd (NIBL) and Scheneberger India Pvt. Ltd. have ceased to be a subsidiary and joint venture company respectively. The results for the financial year include the performance of these two companies till 30th September, 2012.

**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 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. We also make sure that our employees working on the shop floor use safety equipments while working on the machines so that we can have safe and healthy work environment without losing our family members.

Company has been awarded and internationally recognized with external certification viz. ISO14001:2004 (for adherence to environmental processes), OHSAS: 18001:1999(for Health & Safety) and ISO/TS: 16949:2002 (quality management)

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 that include rainwater harvesting, vermiculture, recycling of waste water, etc.

There have been numerous initiatives by us towards our environment and our employees :

1. Planting of 300+ trees during the last 12 months.
2. 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.  
  
Special initiatives are being taken up such as mock drills, up gradation of Fire protection systems, encouraging reporting of near-miss incidents. We are striving to achieve "Zero-Accident Tolerance".
3. Setting up of Solar Lights in our factory premises so that less electricity is consumed and efficiency can be maintained through natural resources.
4. Significant reductions have been achieved across all locations in minimizing the requirement of electricity, use of less petrochemicals, grease, turpentine, etc.
5. Rain water harvesting to alleviate shortage of water in the drought hit Aurangabad region.
6. Strict policy for non-consumption of tobacco and intoxicating materials, is in line with the physical and mental health of employees. Regular awareness programs conducted to educate employees about the same and also other types of diseases like diabetes and reactions in emergency situation like heart attacks.
7. Yoga sessions for all its employees to make sure that the employees are fit and stay healthy resulting in higher productivity and better living of the employees.

## 11. **Corporate social responsibility**

NRB 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, our company has joined hands with Habitat for Humanity to build homes in Aurangabad Region. Habitat for Humanity is a nonprofit 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

NRB 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 Bombay Racing team sponsored in 2012 and 2013 for the largest educational motorsport event hosted by the Institution of Mechanical Engineers in Europe with over 100 participating nations.

- 2 On a regular basis we conduct Blood Donation camps across locations to help the society to donate blood in case of any emergency.
- 3 NRB Hyderabad & Chikalthana plants have taken a special step by starting a "Summer Water Camp" to help the needy and poor people to provide water in the scorching heat.

## 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 CFO of the Company.

In terms of circular dated February 8, 2011 from Ministry of Corporate Affairs the company has availed the benefit of the general exemption and 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](http://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, 2013 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, 2014. The cost audit report for the year ended 31.3.2012 was reviewed by the audit committee at their meeting held on 3rd August, 2012 and has been filed in xbrl format on 4.1.2013. The cost audit for the year ended 31st March, 2013 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 regret to inform about the sad demise of Dr. P D Ojha, RBI Dy. Governor (retd.) who was a distinguished member of the Board between 1991 and 2011 and wish to record the valuable contribution made by him to the board proceedings during his tenure.

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

**(Ms) H S Zaveri**  
Managing Director & President

Mumbai : May 29, 2013

## 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, discontinued usage of certain furnaces for aggregate energy savings of Rs.10.52 lacs p.a.
- At Waluj, introduced timers for continuous running blower motor, installed energy saving pumps on pre washing and cleaning machines and replaced machine lamps for aggregate energy savings of Rs.2.21 lacs p.a.
- At Hyderabad installed energy efficient electro magnetic brake motors with auto switch off in cage section, converted motor power supply connections for grinding wheels, replaced cooling water pump and improved performance of air compressor resulting in savings of Rs.1.65 lacs p.a.
- At Thane, converted power supply connections for grinding motors and water pumps; converted old power circuits to electronic controllers resulting in savings of Rs.3.25 lacs p.a.
- At Aurangabad, fitted AC drive system on certain machines, replaced bearings on RE machines, and completed modification of coolant pump system for an aggregate saving of Rs.21.12 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 & aiming to be global player in mobility business. As part of this business 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 | <b>Prime focus throughout the year was on :</b> <ul style="list-style-type: none"><li>• Diversification of product range through research oriented design for friction solution</li><li>• Strategic alliance with customers through application and analytical engineering support for environmental friendly solutions.</li><li>• Reliability studies through endurance testing</li><li>• Development of new material and surface wear resistance coating and lubricants</li><li>• MXL Software development for maximization of bearing life.</li><li>• Development of outrival series for increasing bearing capability.</li><li>• Execution of module build shop for product development</li><li>• Effect of vibration on bearing life.</li></ul> |
| Benefits derived as a result of the above R&D             | <ul style="list-style-type: none"><li>• Shortening sample submission time for product development.</li><li>• Development of high end application product e.g. balancer shafts.</li><li>• Customized product, process specifications based on application requirement.</li><li>• Reputed customers entrusting futuristic high technology projects to the company.</li></ul>   |

|                       |  |
|-----------------------|--|
| Future plan of action | <ul style="list-style-type: none"><li>• High lubrication treatment</li><li>• High precision sheet metal bearings.</li><li>• Launching new series of Unitized bearing, detent pin &amp; thrust CRB</li><li>• Reduction of heat and friction by developing composite materials for low heat generation bearings.</li><li>• Enhancing testing capabilities for heavy gear boxes, heavy engines and cage capability.</li><li>• Development of DVPR software for robust design.</li><li>• Enhancing CAE analysis capability.</li><li>• Optimizing product design for longer life and less torque.</li></ul> |
| Expenditure on R&D    | During the year an amount of Rs.187.87 lacs has been incurred on revenue and capital account for R & D expenses.   |

**C. Foreign Exchange Earnings and Outgo**

Foreign exchange earnings      Rs.    15923.72 lacs

Foreign exchange outgo         Rs.    9772.95 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

**(Ms) H S Zaveri**  
Managing Director & President

Mumbai : May 29, 2013



## 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<br>NRB Industrial Bearings Ltd<br>NRB-IBC Bearings Ltd | Mr.Trilochan Singh Sahney<br>Ms.Hanwantbir Kaur Sahney<br>Ms.Harshbeena S Zaveri<br>Mr.Devesh S Sahney  |
| Trilochan Singh Sahney Trust 1 (TSS Trust 1)                                | Mr.Trilochan Singh Sahney as nominee for TSS Trust 1  |
| Trilochan Singh Sahney Trust 2 (TSS Trust 2)                                | Mr.Trilochan Singh Sahney as nominee for TSS Trust 2<br>Mrs.Hanwantbir Kaur Sahney as nominee for TSS Trust 1<br>Mrs.Hanwantbir Kaur Sahney as nominee for TSS Trust 2<br>Ms.Aarti D Sahney<br>Mr.Bhupinder Singh Sahney<br>Ms.Brijween Kaur Sahney<br>Ms.Jasmin Sahney Pillay<br>Ms.Ambita Kaur Sahney<br>Ms.Anjana Kaur Thakkar<br>Ms.Dipika Kaur Sahney<br>Mr.Rajiv D Sahney<br>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 29, 2013

**(Ms) JYOTSNA SHARMA**

CFO & VP IT

## **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, 2013.

**(Ms) H S ZAVERI**

Managing Director & President

Mumbai : May 29, 2013

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The company is in the ball and roller bearing business which find applications in automotive and industrial sectors. The annual production of the domestic organized sector (as represented under Ball & Roller Bearing Manufacturers Association-BRBMA) has remained flat at Rs. 4400 crores for the year 2012-13. Your company's market share in the domestic organized sector is 12% approximately, of which Original Equipment Manufacturers (OEMs) account for 60% -65 % of the demand while the rest is supplied to the Aftermarket (15% -18%) and Exports(20% - 22%). The demand for the bearing industry is derived from two key user segments – automotive (mobility) and industrial. Market growth in the mobility industry which the company is focused on, is expected to be generated from the introduction of several new models being introduced by the global vehicle manufacturers (passenger cars and commercial vehicles), expansion of public transport systems( buses,railways and construction equipment), development of dedicated freight corridors for movement of goods and farm mechanisation which will drive demand for farm equipment and off highway vehicles.

During fiscal 2012-13, continued pressure of inflation, fiscal imbalances and high interest rates led to an uncertain business environment with low investments and slow down across sectors of industry. Faced by slow down in growth and the risk of credit down rating the Government of India has announced reforms to revive investments – incentives have been given in the budget towards investments, monitoring of infrastructure projects which have been long on implementation and removal of bottlenecks, are expected to lead to a reasonable recovery in FY 2013-14. 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. Given that the rising aspirations, disposable income of a large emerging middle class and rural prosperity will drive demand for personal and mass mobility, the growing internal consumption should help the mobility industry return to fast track soon.

To meet growing customer expectations, your company has regularly invested in modern manufacturing technology and has taken a number of initiatives to strengthen its competitive advantage- partnering with customers with a focus on application engineering and R&D to develop advanced products for their new generation vehicles, building processes to ensure high precision is embedded in all products, quality improvements as a continuing process and exploring ways to minimise waste, reduce costs and increase productivity.

During 2012-13, the automotive industry, the largest consumer of quality bearings, has witnessed de-growth in almost all segments, other than utility vehicles, LCVs and 2-wheelers Tabled below are growth estimates for 2013-14 projected by the company, after assessing demand forecasts with all major OEMs:

| User Industry  | Vehicle Production (Nos) |                  |            |                        |
|----------------|--------------------------|------------------|------------|------------------------|
|                | 2012-13                  | 2011-12          | % growth   | % growth (2013-14 Est) |
| 2-Wheelers     |                          |                  |            |                        |
| Motorcycle     | 11904,212                | 11982,669        |            | -                      |
| Scooter        | 3025,014                 | 2659,340         |            | -                      |
| Mopeds         | 791,954                  | 785,523          |            | -                      |
| <b>Total</b>   | <b>15721,180</b>         | <b>15427,532</b> | <b>1.9</b> | <b>12</b>              |
| 3-Wheelers     | 839742                   | 879289           | -4.50      | 7                      |
| Passenger Cars | 2429199                  | 2537170          | -4.26      | 7                      |
| MUV/MPV        | 804362                   | 608899           | 32.10      | } 14.8                 |
| HCV/MCV        | 278560                   | 384801           | -27.61     |                        |
| LCV            | 553184                   | 544335           | 1.63       | } 8.5                  |
| Tractors       | 556610                   | 597724           | -6.88      |                        |
| <b>Total</b>   | <b>20626227</b>          | <b>20382026</b>  |            | <b>-</b>               |

Source: SIAM for 2012-13 and 2011-12 production data and company estimates.

### FINANCIALS

Revenue from operations, net of excise duty has increased by 5.5% to Rs.57953 lacs from Rs.54936 lacs in 2011-12. Domestic sales declined by 3.65% to Rs.45703 from Rs.47432 lacs while exports increased by 63% to Rs.12250 lacs from Rs.7504 lacs in 2011-12.

The table below sets forth the key expense items as a percentage of net revenues for 2012-13 and 2011-12. The increase in input prices have not been fully compensated by suitable price enhancements and higher depreciation and finance costs have resulted in lower operating margins.

|  | Percentage of Turnover Year ended March 31 |             |
|--|--|-------------|
|  | 2013                                       | 2012        |
| Revenue from operations (net of excise duty) | 56856(100%)                                | 54071(100%) |
| Expenditure:                                 |  |             |
| - Material (Including change in stock)       | 37.07                                      | 34.52       |
| - Employee Cost                              | 16.67                                      | 16.56       |
| - Manufacturing and Other expenses (Net)     | 28.26                                      | 28.95       |
| Total Expenditure                            | 82.00                                      | 80.03       |
| Profit before Depreciation, Interest and Tax | 18.00                                      | 19.97       |
| Depreciation                                 | 5.27                                       | 5.06        |
| Finance costs (Net)                          | 3.05                                       | 2.06        |
| Profit before Exceptional Items and Tax      | 9.68                                       | 12.85       |

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        | NRB        |
|---|------------|------------|------------|
|   | 31.12.2012 | 31.12.2012 | 31.03.2013 |
| Operating Profit (PBDIT) to Net Sales - % | 14.67      | 18.23      | 18.00      |
| RONW-PAT/Net Worth                        | 16.40      | 18.10      | 22.31      |
| ROCE - PBT/Cap employed                   | 23.93      | 25.64      | 17.47      |
| EPS *                                     | 36.00      | 95.79      | 4.85       |

\* For SKF, FAG 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 |         |
|---|-------------|---------|
|   | 2012-13     | 2011-12 |
| EBIT                                      | 7236        | 8020    |
| Less: Adjusted Tax                        | 2460        | 2443    |
| NOPAT (Net Operating Profit less tax)     | 4776        | 5540    |
| Equity                                    | 21086       | 24484   |
| Debt                                      | 24013       | 22566   |
| Total Invested Capital                    | 45099       | 47050   |
| Post Tax Cost of Debt %                   | 8.30        | 8.30    |
| Cost of Equity %                          | 12.50       | 13.00   |
| Weighted Average Cost of Capital % (WACC) | 10.26       | 10.74   |
| Weighted Average Cost of Capital (WACC)   | 4627        | 5053    |
| EVA (NOPAT – WACC)                        | 261         | 303     |

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 @ 8.0% 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 reduced during the year. Capital employed in the business has gone down owing to demerger and transfer of certain assets and borrowings to the demerged entity.

## **SEGMENT WISE PERFORMANCE**

Your company has a single reportable segment of ball and roller bearings as the primary business segment for the purpose of AS17. 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. Under the 12th Five Year Plan, the Government has reaffirmed its commitment to develop dedicated freight corridors which will 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.
- Substantial investments have been planned for improved port connectivity, railway infrastructure, the oil and exploration sector, renewable energy especially wind and solar and other infrastructure development 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.
- Most of the world's large vehicle manufacturers have set up base in India and are expanding capacities with a thrust on localisation to improve competitiveness. Indian customers are also demanding better performance in terms of the reliability and efficiency of the vehicles. The mobility industry has a large underserved market backed by the growing young middle class with rising aspirations and rural prosperity.

Your company has the largest product range in the domestic market and has been investing in technology development and building competencies for skilled based manufacturing and with enhanced manufacturing capacities already in place, will be in a position to take advantage of the revival in demand during the course of next two years.

### **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 probably account for a fourth of the bearings sold in the replacement market 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.
- Need for investments in R & D, new technology and even new production facilities to meet the stringent forthcoming emission goals which are being set and for alternative propulsion options like the hybrid and plug-in electric cars. 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. Supply chain readiness and a stronger focus on reducing costs, minimising waste and increasing efficiency of operations are the main challenges to counter the same.
- In the near term, higher commodity input prices aggravated by the currency fluctuations, prevailing high interest rate regime, steadily increasing fuel pricing are impacting demand in the user industries.

Your company is working continuously to mitigate these threats - leveraging its wide range of products and its Engineering capabilities and priming its sourcing and purchasing capabilities. The company remains committed towards implementing TPM and investing in sophisticated technology to meet the growing demand for high quality products.

### **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 audit firm independently tests the design, adequacy and operating effectiveness of the internal control system to provide a credible assurance to the Audit Committee. 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 Audit Committee reviews the recommendations for improvement of the business processes and the status of implementation of the agreed action plan.

#### **HUMAN RESOURCE AND INDUSTRIAL RELATIONS**

During the year, discussions have been concluded with its workmen at Hyderabad & Aurangabad for a fresh wage settlement. Wage settlements with its workmen at Plant VI-Waluj & Thane are due for renewal in the current year and are under discussion. The company expects to finalize 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 to 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.

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. We have also introduced “Employee Reference Check” wherein the background check of all the candidates is done internally before the offer.

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.

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, except as mentioned below under 1(i) Board of Directors-Composition.

### 1. Board of Directors

#### (i) Composition:

The Board's strength is eight members, with an Executive Chairman, two executive directors and five non-executive directors. All directors including Non-executive Directors are professionally competent. The Board of Directors has been constituted with the appropriate combination of independent, non-independent directors as per Clause 49 of the Listing Agreement with the Stock Exchanges except for the period 31st October, 2012 to date, where the independent directors constituted 43% of the Board strength instead of atleast 50% as per the above requirements. The Board has taken steps to correct the same.

Mr. Tashwinder Singh has been appointed as Additional Director at the Board Meeting held on 29th May, 2013.

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

| Name of Director  | DIN      | Category | No. of Directorships<br>(Chairmanship)<br>of other Indian<br>companies as on<br>31.03.2013 | No. of Membership<br>In mandatory<br>Committees<br>(Chairmanship) of<br>other companies as on<br>31.03.2013 |
|-------------------|----------|----------|--|---|
| Mr.T S Sahney     | 00003873 | E & NID  | 1 (1)  | -   |
| Dr.K S Pant       | 00003915 | NE & ID  | 1  | -   |
| Mr.K M Elavia     | 00003940 | NE & ID  | 10   | 9 (5)   |
| Ms.H S Zaveri     | 00003948 | E & NID  | 2 (1)  | 1   |
| Mr.D S Sahney     | 00003956 | NE & NID | 1  | 1   |
| Mr. Anand N Desai | 00165894 | NE & ID  | 1  | -   |
| Mr.S C Rangani    | 00209069 | E & NID  | 1  | 1   |

E & NID – Executive & Non Independent Directors

NE & ID – Non Executive & Independent Directors

NE & NID - Non Executive & Non Independent Directors

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

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

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

#### (ii) Board Meetings:

The Board of the Company, as also the various specialized committees constituted by the Board, held as many as 18 meetings including 7 meetings of the Board during 2012-13.

The maximum interval between any two meetings was 90 days. The Board held its meetings on 30th May, 2012, 3rd August, 2012, 11th August, 2012, 4th October, 2012, 31st October, 2012, 29th January, 2013, 26th March, 2013.

(iii) **Attendance of Directors:**

The overall attendance of Directors was 96%. The attendance of whole-time Directors was 100%.

**At the Board Meetings held during 2012-13 and the last Annual General Meeting**

|   | <b>Directors</b>    | <b>Meetings held during the tenure of the Directors</b> | <b>Meetings Attended</b> | <b>Attendance at the last AGM (3rd August,2012)</b> | <b>Share-holding</b> |
|---|---------------------|---|--------------------------|---|----------------------|
| 1 | Mr.T S Sahney       | 7   | 7                        | Yes   | 11716406             |
| 2 | Dr.(Ms) Kala S Pant | 7   | 7                        | Yes   | Nil                  |
| 3 | Ms.H S Zaveri       | 7   | 7                        | Yes   | 4464732              |
| 4 | Mr.D S Sahney       | 7   | 7                        | Yes   | 3634600              |
| 5 | Mr.K.M.Elavia       | 7   | 7                        | Yes   | Nil                  |
| 6 | Mr.Anand N Desai    | 7   | 5                        | Yes   | --                   |
| 7 | Mr.S C Rangani      | 3   | 3                        | Yes   | 12500                |

- D S Sahney became the Non Executive Independent Director w.e.f.1st October,2012
- S C Rangani appointed as Executive Director w.e.f.31st October,2012.

Overall attendance in the Board Meetings: 96%

AGM : 100%

(iv) **Profile of Directors being Appointed/Reappointed:**

**Ms.H S Zaveri**

|   |  |
|---|--|
| Age   | 53 Years   |
| Qualification   | AB(BA)USA, B.Ed  |
| Expertise/Experience  | 26 years experience in the bearing industry. Held positions in areas of Corporate Planning, Purchase & Imports, Marketing and created strategic plan for NRB to become a supplier to global OEMs Appointed President in 2001, under her leadership company has consistently grown in sales and profit and is today an Indian company in an extremely precision industry competing with European, American and Japanese bearing companies on their home grounds. Elevated to Managing Director & President in October 2010. |
| Director Since  | 1995   |
| List of other Indian Public companies In which Directorship is held               | SNL Bearings Ltd   |
| Chairman/Member of Committees in other public companies in which he is a Director | SNL Bearings Ltd- Member -Audit Committee<br>Member-Shareholder/Investor's Grievance Committee   |
| No.of shares held   | 4464732  |

**Mr.Anand N Desai**

|   |  |
|---|--|
| Age   | 52 years   |
| Qualification   | Law degree from the Bombay University and completed his LLM in international Law from the University of Edinburgh, Scotland.                             |
| Expertise/Experience  | He is the managing partner DSK Legal, one of India's leading law firms. He has extensive experience in the fields of banking and financial services law. |
| Director Since  | April, 2010  |
| List of other Indian Public companies   |  |
| In which Directorship is held   | L&T Welfare Company Ltd  |
| Chairman/Member of Committees in other public companies in which he is a Director | -  |
| No.of shares held   | -  |

Ms.H S Zaveri and Mr.Anand Desai retire by rotation and are eligible for reappointment.

**Mr.Tashwinder Singh**

|   |  |
|---|--|
| Age   | 43 years   |
| Qualification   | BE Electrical, MBA (Delhi University)  |
| Expertise/Experience  | 22 years of work experience. Started his career with Voltas Ltd (Electrical Business Group) and worked with Citigroup for 18 years in operations management, business development, commercial banking and private banking. Currently Director with Kohlberg Kravis Roberts, a reputed International Investment Banking firm. |
| Director Since  | May, 2013  |
| List of other Indian Public companies   |  |
| In which Directorship is held   | -  |
| Chairman/Member of Committees in other public companies in which he is a Director | -  |
| No.of shares held   | -  |

**(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               | 98,08,159              | 1,52,08,159 |
| H S Zaveri       | -            | 25,00,000               | 1,36,55,635            | 1,61,55,637 |
| D S Sahney       | 40,000       | 10,25,000               | 38,76,130              | 49,01,130   |
| K S Pant         | 1,80,000     | 2,91,667                |                        | 4,71,667    |
| K M Elavia       | 1,40,000     | 2,91,667                |                        | 4,31,667    |
| Anand N Desai    | 1,40,000     | 2,91,667                |                        | 4,31,667    |
| S C Rangani      |              |                         | 28,17,907              | 28,17,907   |

\* 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 2013-14.

|  |  |
|--|--|
| 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 Executive Director & Company Secretary | For a period of 3 years w.e.f.31.10.2012 to 30.10.2015. 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. The Members of the Committee have fair knowledge of project finance, accounts and company law. The committee held 7 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 2012-13**

| <b>Members</b>                 | <b>Meetings held during the tenure of the Director</b> | <b>Meetings attended</b> |
|--------------------------------|--|--------------------------|
| Dr.(Ms) Kala S Pant (Chairman) | 7  | 7                        |
| Mr.K M Elavia                  | 7  | 7                        |
| Mr.Anand N Desai               | 7  | 6                        |

Overall attendance: 95%

## 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 fortnightly 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 2012-13**

| <b>Members</b>          | <b>Meetings held during the tenure<br/>of the Director</b> | <b>Meetings attended</b> |
|-------------------------|--|--------------------------|
| Mr. T S Sahney          | 4  | 4                        |
| Ms. H S Zaveri          | 4  | 4                        |
| Ms. K S Pant (Chairman) | 4  | 4                        |
| Mr. Anand N Desai       | 4  | 3                        |

\* Overall attendance : 94%

**4. General Body Meetings**

During the year there was no Extra Ordinary General Meeting.

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

47th Annual General Meeting on 3rd August, 2012 at 3.00 pm at M.C.Ghia Hall, K Dubash Marg, Mumbai 400 001

Special resolution passed in respect of enhancement in borrowing powers.

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

Special resolutions passed in respect of Re-appointment of Wholetime Director Mr.D S Sahney and Commission payable to Non-Executive Directors

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

**No postal ballot was conducted in the year 2012-13. 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 2012-13. Neither has any non-compliance with any of the legal provisions of law been made by the Company nor any penalty or stricture imposed by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to the capital markets, during the last 3 years.

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

**6. Means of Communication**

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

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

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

7. **General Shareholder Information**

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

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

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

9. **Non Mandatory Recommendations**

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

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

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

Dr.(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, 2013, under clause 49 of the listing agreements with relevant stock exchanges.**

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We have examined the compliance of conditions of corporate governance by NRB Bearings Limited, for the year ended on March 31, 2013, as stipulated in Clause 49 of the listing agreements of the said company with the 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 the 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, and subject to the composition of the Board of Directors referred to in Para (i) "Composition" under para 1. "Board of Directors" of the report on Corporate Governance, wherein the total number of independent directors were lower than as required for the period from 31st October, 2012 to 31st March 2013, 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 29, 2013

## SHAREHOLDERS' INFORMATION

### 1. Annual General Meeting

Date and Time : 23rd July, 2013 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, 2013 : First week August, 2013  
 Financial reporting for the quarter ending September 30, 2013 : Last week October, 2013  
 Financial reporting for the quarter ending December 31, 2013 : Last week January, 2014  
 Financial reporting for the year ending March 31, 2014 : End May, 2014  
 Annual General Meeting for the year ending March 31, 2014 : August, 2014

### 3. Book Closure Date

: 16th July to 23rd July, 2013  
 (both days inclusive)

### 4. Dividend Payment Date

: 2nd August, 2013

### 5. Registered Office and Plants

: Dhannur, 15 Sir P. M. Road,  
 Fort, Mumbai 400 001  
 (Tel) 22664160/4998  
 (Fax) 22660412  
 E-mail: Web Site: www.nrbbearings.com  
  
 Pokhran Road No.2, Majiwade  
 Thane 400 610  
  
 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                          |
|------------------------------|--|--|---|
| 2005-06 Final                | 11th August, 2006                      | 18th August, 2006                        | 16th September, 2013                      |
| 2006-07 - Interim<br>- Final | 27th October, 2006<br>3rd August, 2007 | 10th November, 2006<br>14th August, 2007 | 3rd December, 2013<br>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                       |
| 2011-12                      | 3rd August, 2012                       | 16th August, 2012                        | 7th September, 2019                       |

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, 2013.

|                   | Deal Nos. | No.of warrants issued | No.of warrants unclaimed | %    | Amount of dividend Rs.in lacs | Unclaimed dividend amount Rs. | %    |
|-------------------|-----------|-----------------------|--------------------------|------|-------------------------------|-------------------------------|------|
| 2005-06 - Interim | 703516    | 3356                  | 193                      | 5.75 | 726.92                        | 164662.00                     | 0.23 |
| 2005-06-Final     | 703760    | 3214                  | 143                      | 4.45 | 484.61                        | 81115 .00                     | 0.17 |
| 2006-07-Interim   | 703841    | 3286                  | 142                      | 4.32 | 775.38                        | 121704.00                     | 0.16 |
| 2006-07-Final     | 704114    | 4683                  | 211                      | 4.51 | 630.00                        | 133213.60                     | 0.21 |
| 2007-08           | 704348    | 6244                  | 275                      | 4.40 | 1163.07                       | 203486.40                     | 0.17 |
| 2008-09           | 704479    | 6071                  | 346                      | 5.70 | 775.38                        | 175550.40                     | 0.23 |
| 2009-10           | 704611    | 7393                  | 280                      | 3.79 | 969.23                        | 170266.00                     | 0.18 |
| 2010-11           | 704707    | 9980                  | 287                      | 2.88 | 1938.45                       | 312894.00                     | 0.16 |
| 2011-12           | 704788    | 10470                 | 369                      | 3.52 | 1938.45                       | 356524.00                     | 0.18 |
| Total             |           | 54697                 | 2246                     | 4.00 | 9401.49                       | 1719415.40                    | 0.18 |

## 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 | 2013                |                    |                   |                 | 2012                |                    |                   |                 |
|----------------------|---------------------|--------------------|-------------------|-----------------|---------------------|--------------------|-------------------|-----------------|
|                      | 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             | 7866                | 72.033             | 1352185           | 1.395           | 7144                | 71.383             | 1204716           | 1.243           |
| 501- 1000            | 1777                | 16.273             | 1592170           | 1.643           | 1651                | 16.491             | 1485901           | 1.533           |
| 1001- 2000           | 632                 | 5.788              | 1051179           | 1.085           | 605                 | 6.045              | 1013571           | 1.046           |
| 2001- 3000           | 207                 | 1.896              | 544139            | 0.561           | 196                 | 1.958              | 516989            | 0.533           |
| 3001- 4000           | 111                 | 1.016              | 403051            | 0.416           | 105                 | 1.049              | 382706            | 0.395           |
| 4001- 5000           | 75                  | 0.687              | 360480            | 0.372           | 74                  | 0.739              | 351649            | 0.363           |
| 5001- 10000          | 129                 | 1.181              | 958279            | 0.989           | 113                 | 1.129              | 842394            | 0.869           |
| 10001 & above        | 123                 | 1.126              | 90661117          | 93.540          | 120                 | 1.199              | 91124674          | 94.018          |
| TOTAL                | 10920               | 100.00             | 96922600          | 100.00          | 10008               | 100.00             | 96922600          | 100.00          |

As on 31st March, 2013 96318280 constituting 99.38% 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 ISIN No.INE 349A 01013. SEBI has notified the company shares to be traded only in demat form w.e.f.29th April, 2001.**

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

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

| Category                             | 2013                |                    |                   |                 | 2012                |                    |                   |                 |
|--------------------------------------|---------------------|--------------------|-------------------|-----------------|---------------------|--------------------|-------------------|-----------------|
|                                      | 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        | <b>10515</b>        | <b>96.33</b>       | <b>40380827</b>   | 41.66           | 9610                | 96.02              | 40030457          | 41.30           |
| Corporate Bodies                     | <b>243</b>          | <b>2.23</b>        | <b>6140590</b>    | 6.34            | 241                 | 2.42               | 6357979           | 6.56            |
| Trust                                | <b>1</b>            | <b>0.01</b>        | <b>37755640</b>   | 38.95           | 1                   | 0.01               | 37755640          | 38.95           |
| Foreign Collaborator                 | -                   | -                  | -                 | -               | -                   | -                  | -                 | -               |
| NRI/OCBs                             | <b>139</b>          | <b>1.27</b>        | <b>184258</b>     | 0.19            | 138                 | 1.38               | 163063            | 0.17            |
| FI/FII/Banks/Foreign national/Trusts | <b>12</b>           | <b>0.11</b>        | <b>7667938</b>    | 7.91            | 9                   | 0.09               | 7646400           | 7.89            |
| Mutual Funds/UTI                     | <b>6</b>            | <b>0.05</b>        | <b>4793347</b>    | 4.95            | 9                   | 0.09               | 4969061           | 5.13            |
| <b>TOTAL</b>                         | <b>10916</b>        | <b>100.00</b>      | <b>96922600</b>   | 100.00          | 10008               | 100.00             | 96922600          | 100.00          |

Promoter holdings constituting 70153197 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 fortnightly basis.

**Share transfers in physical form are presently registered and returned within a period of 15 days from the date of receipt in case documents are complete in all respects.**

**14. Investor Queries/Complaints Handled**

| Nature of Queries/Complaints  | 2012-13 Nos. | 2011-12 Nos. |
|---|--------------|--------------|
| <b>Relating to transfers, Transmissions etc.</b> (including duplicate share certificates, stop transfer, non-receipt of share certificates, deletion of name, rectification of share certificate, indemnity bond for duplicate certificate, signature verification) | -            | 2            |
| <b>Relating to dividends</b> (including issue of fresh Demand drafts against unpaid warrants, non-receipt of dividend warrants)   | <b>17</b>    | 51           |
| <b>Relating to change of address</b>  | <b>1</b>     | 2            |
| <b>Others</b>   | <b>1</b>     | -            |
| <b>Total</b>  | <b>19</b>    | 55           |

- 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             |
| 01.10.2012 | Demerger –NRB Industrial Bearings Ltd (NIBL)       | Entitlement of one share in NIBL for every 4 shares held in NRB as on record date of 26.10.2012. |                                 |                       |

\*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

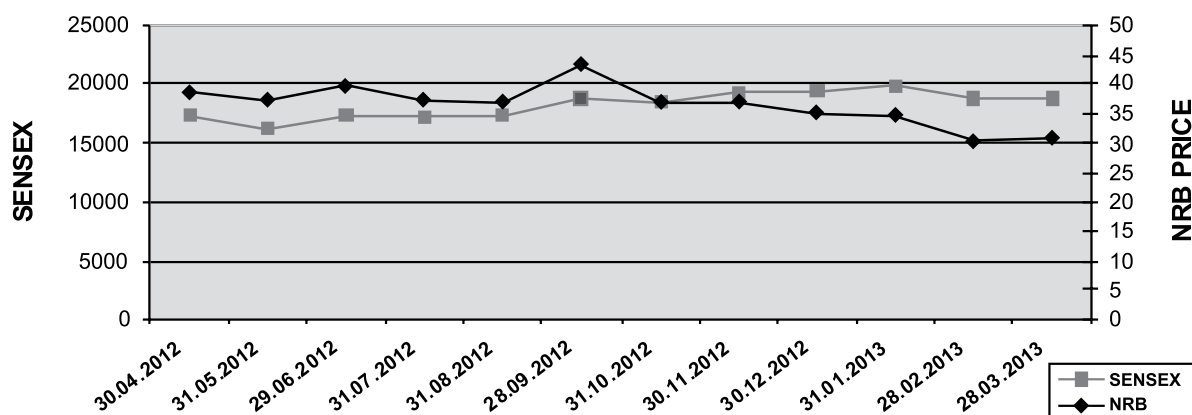
Bombay Stock Exchange Ltd, Mumbai and National Stock Exchange, Mumbai

Monthly high and low quotations and volume of shares traded

| 2012-13       | Bombay Stock Exchange |         |         | National Stock Exchange |         |         |
|---------------|-----------------------|---------|---------|-------------------------|---------|---------|
| Month         | High (Rs)             | Low(Rs) | Volume  | High (Rs)               | Low(Rs) | Volume  |
| April'12      | 46.80                 | 35.75   | 98385   | 40.60                   | 35.85   | 187796  |
| May'12        | 39.00                 | 34.00   | 93436   | 39.60                   | 34.40   | 193974  |
| June'12       | 46.40                 | 36.00   | 121644  | 39.95                   | 35.20   | 147834  |
| July'12       | 49.50                 | 36.55   | 2600593 | 49.50                   | 36.10   | 2065659 |
| August'12     | 44.00                 | 35.80   | 195921  | 41.40                   | 36.00   | 332880  |
| September'12  | 48.90                 | 35.20   | 898062  | 48.95                   | 36.25   | 1708719 |
| October'12    | 47.00                 | 34.00   | 478142  | 48.95                   | 36.00   | 853862  |
| November'12 * | 38.55                 | 34.55   | 143085  | 39.80                   | 34.70   | 229569  |
| December'12 * | 38.25                 | 34.55   | 108646  | 38.75                   | 34.75   | 230409  |
| January'13 *  | 37.50                 | 34.25   | 177736  | 37.65                   | 34.00   | 358017  |
| February'13 * | 35.90                 | 30.20   | 99491   | 36.20                   | 30.00   | 220870  |
| March'13 *    | 34.35                 | 29.55   | 152942  | 34.00                   | 29.00   | 338491  |
| <b>Total</b>  |                       |         | 5168083 |                         |         | 6868080 |

\* Price adjustment on 26.10.2012 being the record date for determining entitlement of shares in the ratio of 1:4 in NRB Industrial Bearings Ltd consequent to demerger

# 19. Performance (Indexed):



|        | 30.04.2012 | 31.05.2012 | 29.06.2012 | 31.07.2012 | 31.08.2012 | 28.09.2012 | 31.10.2012 | 30.11.2012 | 30.12.2012 | 31.01.2013 | 28.02.2013 | 28.03.2013 |
|--------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| NRB    | 38.45      | 37.30      | 39.75      | 37.25      | 36.90      | 43.40      | 36.90      | 36.80      | 35.00      | 34.85      | 30.35      | 31.05      |
| SENSEX | 17319      | 16219      | 17430      | 17236      | 17430      | 18763      | 18505      | 19340      | 19427      | 19895      | 18862      | 18836      |

# 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                | 2012-13**      | 2011-12** | 2010-11** | 2009-10 |
|----------------------------|----------------|-----------|-----------|---------|
| Net earnings (Rs.lacs)     | <b>4703.57</b> | 4828.67   | 5391.52   | 2440.89 |
| Cash earnings (Rs.lacs)    | <b>7700.75</b> | 7606.01   | 7677.99   | 4395.39 |
| EPS (Rs)                   | <b>4.85</b>    | 4.98      | 5.56      | 5.04    |
| CEPS (Rs.)                 | <b>7.95</b>    | 7.85      | 7.92      | 9.07    |
| Dividend per share (Rs.)   | <b>1.70</b>    | 2.00      | 2.00      | 2.00    |
| Dividend payout (%)        | <b>40.98</b>   | 46.47     | 41.78     | 46.30   |
| Book value per share (Rs.) | <b>21.76</b>   | 25.26     | 22.60     | 38.71   |
| Price to earnings *        | <b>6.40</b>    | 7.22      | 8.54      | 14.18   |
| Price to cash earnings *   | <b>3.91</b>    | 4.58      | 6.00      | 7.88    |
| Price to book value *      | <b>1.43</b>    | 1.42      | 2.10      | 1.85    |

\* Stock price as on 30th March,2013 –Rs.31.05 (closing price)

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

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013**

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**Report on the Financial Statements**

We have audited the accompanying financial statements of **NRB BEARINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (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 comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

**A. C. Khanna**  
Partner

(Membership No.17814)

Mumbai : May 29, 2013

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013  
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) Having regard to the nature of the Company's business/activities/result, clauses (vi), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items once in every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all fixed assets were physically verified by the Management during the year ended 31st March 2012. According to the information and explanations given to us no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than the inventories which are lying at third party location and goods in transit for which confirmation has been obtained by the management.
  - (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 maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us:
  - (a) The Company has granted loans aggregating Rs. 50 Lakhs to 1 party during the year. At the year-end, the outstanding balances of such loans granted aggregated Rs. Nil (number of parties Nil) and the maximum amount involved during the year was Rs. 50 Lakhs (number of party 1).
  - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
  - (c) The receipts of principal amounts and interest have been regular as per stipulations.
- (v) In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) The Company has taken loans aggregating Rs. 1,000 Lakhs from 1 party during the year. At the year-end, the outstanding balances of such loans taken aggregated Rs. Nil (number of parties Nil) and the maximum amount involved during the year was Rs. 1,000 Lakhs (number of party 1).
  - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
  - (c) The payment of principal amounts and interest in respect of such loans was regular as per stipulations.
- (vi) 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 for the purchase of inventory and fixed assets and for the sale of goods during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013  
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (vii) 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 in 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 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, other than certain purchases which are of a special nature for which comparable quotations are not available and in respect of which we are therefore, unable to comment.
- (viii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) 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 cost records with a view to determine whether they are accurate or complete
- (x) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 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, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

| <b>Name of Statute</b>          | <b>Nature of Dues</b>         | <b>Forum where Dispute is Pending</b> | <b>Period to which the Amount Relates</b> | <b>Amount Involved (Rs. Lacs)</b> |
|---------------------------------|-------------------------------|---------------------------------------|---|-----------------------------------|
| The Income Tax Act, 1961        | Income Tax                    | Commissioner of Income Tax (Appeals)  | A.Y. 2010-2011                            | 304.23                            |
| The Income Tax Act, 1961        | Income Tax                    | Commissioner of Income Tax (Appeals)  | A.Y. 2009-2010                            | 212.50                            |
| The Income Tax Act, 1961        | Income Tax                    | Income Tax Appellate Tribunal         | A.Y. 2008-2009                            | 222.20                            |
| The Income Tax Act, 1961        | Income Tax                    | Income Tax Appellate Tribunal         | A.Y. 2007-2008                            | 157.46                            |
| The Bombay Sales Tax Act, 1959  | Sales Tax                     | Deputy Commissioner (Appeals)         | F.Y. 1996-1997 and 1998-1999              | 21.83                             |
| The Central Sales Tax Act, 1956 | Sales Tax                     | Deputy Commissioner (Appeals)         | F.Y. 1996-1997 and 1998-1999              | 24.18                             |
| The Customs Act, 1962           | Custom Duty, Penalty and Fine | Supreme Court                         | F.Y. 1993-1994                            | 138.87                            |

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**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013  
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (xii) 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 interests of the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (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 29, 2013

**BALANCE SHEET AS AT 31ST MARCH, 2013**

|                                    | Note<br>No. | Rs.lacs         | As at<br>31.03.2013<br>Rs.lacs | Rs.lacs  | As at<br>31.03.2012<br>Rs.lacs |
|------------------------------------|-------------|-----------------|--------------------------------|----------|--------------------------------|
| <b>I. EQUITY AND LIABILITIES</b>   |             |                 |                                |          |                                |
| <b>1) Shareholders' Funds</b>      |             |                 |                                |          |                                |
| (a) Share Capital                  | 3           | <b>1938.45</b>  |                                | 1938.45  |                                |
| (b) Reserves and Surplus           | 4           | <b>19147.25</b> |                                | 22545.96 |                                |
|                                    |             |                 | <b>21085.70</b>                |          | 24484.41                       |
| <b>2) Non-Current Liabilities</b>  |             |                 |                                |          |                                |
| (a) Long term borrowings           | 5           | <b>9036.83</b>  |                                | 16001.97 |                                |
| (b) Deferred tax liabilities (Net) | 6           | <b>969.19</b>   |                                | 1171.50  |                                |
| (c) Long term provisions           | 7           | <b>419.73</b>   |                                | 338.71   |                                |
|                                    |             |                 | <b>10425.75</b>                |          | 17512.18                       |
| <b>3) Current Liabilities</b>      |             |                 |                                |          |                                |
| (a) Short term borrowings          | 8           | <b>14975.92</b> |                                | 6563.72  |                                |
| (b) Trade payables                 | 9           | <b>6700.10</b>  |                                | 6395.84  |                                |
| (c) Other current liabilities      | 10          | <b>2878.06</b>  |                                | 3791.51  |                                |
| (d) Short-term provisions          | 11          | <b>2048.76</b>  |                                | 2448.39  |                                |
|                                    |             |                 | <b>26602.84</b>                |          | 19199.46                       |
| <b>Total</b>                       |             |                 | <b>58114.29</b>                |          | 61196.05                       |
| <b>II ASSETS</b>                   |             |                 |                                |          |                                |
| <b>1) Non-current assets</b>       |             |                 |                                |          |                                |
| (a) Fixed assets                   | 12          |                 |                                |          |                                |
| (i) Tangible assets                |             | <b>18984.47</b> |                                | 20643.60 |                                |
| (ii) Intangible assets             |             | <b>73.93</b>    |                                | 59.54    |                                |
| (iii) Capital work-in-progress     |             | <b>1797.52</b>  |                                | 1998.92  |                                |
|                                    |             | <b>20855.92</b> |                                | 22702.06 |                                |
| (b) Non-current investments        | 13          | <b>2086.32</b>  |                                | 1262.65  |                                |
| (c) Long term loans and advances   | 14          | <b>2807.13</b>  |                                | 3653.33  |                                |
|                                    |             |                 | <b>25749.37</b>                |          | 27618.04                       |
| <b>2) Current assets</b>           |             |                 |                                |          |                                |
| (a) Current investments            | 15          | <b>200.00</b>   |                                | 200.00   |                                |
| (b) Inventories                    | 16          | <b>13420.19</b> |                                | 12665.82 |                                |
| (c) Trade receivables              | 17          | <b>15749.96</b> |                                | 13201.66 |                                |
| (d) Cash and Cash Equivalents      | 18          | <b>354.97</b>   |                                | 5464.35  |                                |
| (e) Short-term loans and advances  | 19          | <b>2639.26</b>  |                                | 1997.52  |                                |
| (f) Other current assets           | 20          | <b>0.54</b>     |                                | 48.66    |                                |
|                                    |             |                 | <b>32364.92</b>                |          | 33578.01                       |
| <b>Total</b>                       |             |                 | <b>58114.29</b>                |          | 61196.05                       |

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: 29th May, 2013

**H. S. Zaveri**  
Managing Director & President

**S. C. Rangani**  
Executive Director & Company Secretary

**Jyotsna Sharma**  
Chief Financial Officer

For and on behalf of the Board of Directors

**K. S. Pant**      **K. M. Elavia**

**A. N. Desai**      **D. S. Sahney**

**Tashwinder Singh**

Directors

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

| Particulars   | Note No. | Rs.lacs         | For the Year ended 31.03.2013<br>Rs.lacs | Rs.lacs  | For the Year ended 31.03.2012<br>Rs.lacs |
|---|----------|-----------------|--|----------|--|
| <b>I. Revenue from operations (gross)</b>                                     |          | <b>63266.21</b> |  | 59629.26 |  |
| Less: Excise duty   |          | <b>5312.88</b>  |  | 4692.83  |  |
| Revenue from operations (net)   | 21       |                 | <b>57953.33</b>                          |          | 54936.43                                 |
| <b>II. Other Income</b>   | 22       |                 | <b>866.37</b>                            |          | 103.28                                   |
| <b>III. TOTAL REVENUE (I +II)</b>   |          |                 | <b>58819.70</b>                          |          | 55039.71                                 |
| <b>IV. EXPENDITURE</b>  |          |                 |  |          |  |
| Cost of materials consumed  | 23A      |                 | <b>23584.38</b>                          |          | 20800.35                                 |
| Purchase of Stock-in-Trade  | 23B      |                 | <b>44.61</b>                             |          | 121.79                                   |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 23C      |                 | <b>(1458.00)</b>                         |          | (1388.41)                                |
| Employee benefit expense  | 24       |                 | <b>9479.32</b>                           |          | 8953.00                                  |
| Finance costs   | 25       |                 | <b>1731.43</b>                           |          | 1133.07                                  |
| Depreciation and amortization expense   | 12       |                 | <b>2997.18</b>                           |          | 2777.34                                  |
| Other expenses  | 26       |                 | <b>16936.24</b>                          |          | 15755.85                                 |
| <b>Total Expenses</b>   |          |                 | <b>53315.16</b>                          |          | 48152.99                                 |
| <b>V. PROFIT BEFORE TAX (III - IV)</b>  |          |                 | <b>5504.54</b>                           |          | 6886.72                                  |
| <b>VI. Tax expense:</b>   |          |                 |  |          |  |
| - Current tax   |          | <b>1151.60</b>  |  | 2045.07  |  |
| - In respect of earlier years   |          | <b>(254.45)</b> |  | 1.50     |  |
| Net current tax expense   |          | <b>897.15</b>   |  | 2046.57  |  |
| - Deferred tax (income)/expense   |          | <b>(96.18)</b>  |  | 11.48    |  |
|   |          |                 | <b>800.97</b>                            |          | 2058.05                                  |
| <b>VII. PROFIT AFTER TAX (V - VI)</b>   |          |                 | <b>4703.57</b>                           |          | 4828.67                                  |
| <b>Earnings per share<br/>(of Rs. 2 each) (Refer note 34)</b>                 |          |                 |  |          |  |
| Basic, as well as diluted (In Rs.)  |          |                 | <b>4.85</b>                              |          | 4.98                                     |
| 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: 29th May, 2013

For and on behalf of the Board of Directors

**H. S. Zaveri**  
Managing Director & President

**S. C. Rangani**  
Executive Director & Company Secretary

**Jyotsna Sharma**  
Chief Financial Officer

**K. S. Pant**      **K. M. Elavia**

**A. N. Desai**      **D. S. Sahney**

**Tashwinder Singh**

Directors



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

|  | Rs.lacs          | Year ended<br>31.03.2013<br>Rs.lacs | Rs.lacs   | Year ended<br>31.03.2012<br>Rs.lacs |
|--|------------------|-------------------------------------|-----------|-------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                                     |                  |                                     |           |                                     |
| <b>NET PROFIT BEFORE TAX</b>   |                  | <b>5504.54</b>                      |           | 6886.72                             |
| Adjustments for:   |                  |                                     |           |                                     |
| Depreciation/amortisation  | <b>2997.18</b>   |                                     | 2777.34   |                                     |
| Foreign exchange gain - unrealised   | <b>(203.51)</b>  |                                     | (374.93)  |                                     |
| Finance cost (net)   | <b>1731.43</b>   |                                     | 1133.07   |                                     |
| Dividend income  | <b>(82.15)</b>   |                                     | (18.08)   |                                     |
| (Profit)/loss on sale of fixed assets  | <b>(78.34)</b>   |                                     | -         |                                     |
| Bad debts  | <b>7.17</b>      |                                     | -         |                                     |
| Provision for doubtful debts (written back) / charge                               | <b>(223.55)</b>  |                                     | 121.36    |                                     |
| Provision for diminution in value of investments                                   | <b>1.00</b>      |                                     | -         |                                     |
| Provision for compensated absences   | <b>75.63</b>     |                                     | 180.92    |                                     |
| Provision for gratuity   | <b>(147.31)</b>  |                                     | 367.93    |                                     |
|  |                  | <b>4077.55</b>                      |           | 4187.61                             |
| <b>OPERATING PROFIT BEFORE WORKING<br/>CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>   |                  | <b>9582.09</b>                      |           | 11074.33                            |
| Changes in working capital:  |                  |                                     |           |                                     |
| Adjustment for (increase)/decrease<br>in operating assets                          |                  |                                     |           |                                     |
| - Trade receivables  | <b>(2469.11)</b> |                                     | (2358.24) |                                     |
| - Short-term loans and advances  | <b>(1158.45)</b> |                                     | 25.88     |                                     |
| - Long-term loans and advances   | <b>32.42</b>     |                                     | 2.70      |                                     |
| - Inventories  | <b>(2162.74)</b> |                                     | (2122.59) |                                     |
| Adjustment in increase/ (decrease) in<br>operating liabilities                     |                  |                                     |           |                                     |
| - Trade payables   | <b>911.73</b>    |                                     | 348.76    |                                     |
| - Other current liabilities  | <b>(55.07)</b>   |                                     | 310.44    |                                     |
|  |                  | <b>(4901.22)</b>                    |           | (3793.05)                           |
| <b>NET CASH GENERATED FROM OPERATIONS</b>  |                  | <b>4680.87</b>                      |           | 7281.28                             |
| Direct taxes paid (net of refund)  |                  | <b>(1276.36)</b>                    |           | (2088.80)                           |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>  |                  | <b>3404.51</b>                      |           | 5192.48                             |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                                     |                  |                                     |           |                                     |
| Purchase of fixed assets (including adjustments<br>on account of capital advances) |                  | <b>(8670.56)</b>                    |           | (10425.12)                          |
| Sale of fixed assets   |                  | <b>108.54</b>                       |           | -                                   |
| Purchase of equity shares in a subsidiary  |                  | <b>(1045.92)</b>                    |           | (5.00)                              |
| Sale of current investments  |                  | <b>200.00</b>                       |           | 200.00                              |
| Dividend income:   |                  |                                     |           |                                     |
| from joint venture   |                  | <b>22.50</b>                        |           | 11.25                               |
| from others  |                  | <b>59.65</b>                        |           | 6.83                                |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                                       |                  | <b>(9325.79)</b>                    |           | (10212.04)                          |

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)**

|  | Year ended<br>31.03.2013<br>Rs. lacs | Year ended<br>31.03.2012<br>Rs. lacs |
|--|--------------------------------------|--------------------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>   |                                      |                                      |
| Proceeds from long term borrowings   | <b>332.15</b>                        | 12045.73                             |
| Proceeds from short term borrowings  | <b>56804.90</b>                      | 25415.54                             |
| Repayment of long term borrowings  | <b>(740.44)</b>                      | (645.62)                             |
| Repayment of short term borrowings   | <b>(51393.68)</b>                    | (23300.00)                           |
| Proceeds from inter corporate deposit  | <b>1000.00</b>                       | -                                    |
| Repayment of inter corporate deposit   | <b>(1000.00)</b>                     | -                                    |
| Increase/(Decrease) in cash credit   | <b>2992.97</b>                       | (326.49)                             |
| Finance cost paid (net)  | <b>(1675.34)</b>                     | (1045.92)                            |
| Dividend paid  | <b>(1938.45)</b>                     | (1938.45)                            |
| Tax on dividend  | <b>(305.43)</b>                      | (314.47)                             |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>   | <b>4076.68</b>                       | 9890.32                              |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>                          | <b>(1844.60)</b>                     | 4870.76                              |
| Cash and cash equivalents as at the beginning of the year                                    | <b>5448.59</b>                       | 577.76                               |
| Effects of exchange differences on restatement of foreign currency cash and cash equivalents | -                                    | 0.07                                 |
| Impact of demerger   | <b>(3266.21)</b>                     | -                                    |
| <b>Cash and cash equivalents as at the end of the year (Refer note 18)</b>                   | <b>337.78</b>                        | 5448.59                              |

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: 29th May, 2013

For and on behalf of the Board of Directors

**H. S. Zaveri**  
Managing Director & President

**S. C. Rangani**  
Executive Director & Company Secretary

**Jyotsna Sharma**  
Chief Financial Officer

**K. S. Pant**      **K. M. Elavia**

**A. N. Desai**      **D. S. Sahney**

**Tashwinder Singh**

Directors

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013****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(xiii) 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

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**

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.

**(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) Other Income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

**(x) 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 insurance companies (currently ICICI Prudential Life Insurance Company Limited and 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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)****2. Compensated absences**

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

**(xi) Voluntary retirement compensation**

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

**(xii) 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.

**(xiii) 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.

**(xiv) 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.

**(xv) 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.

**(xvi) 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.

**(xvii) 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.

**(xviii) Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**NOTE 3 - Share Capital**

|  | As at<br><b>31.03.2013</b><br><b>Rs. lacs</b> | As at<br>31.03.2012<br>Rs. lacs |
|--|---|---------------------------------|
| Authorised:  |   |                                 |
| 100,000,000 (as at 31.03.2012 100,000,000)   |   |                                 |
| Equity shares of Rs. 2 each  | <b>2000.00</b>                                | 2000.00                         |
| Issued, subscribed and fully paid up:  |   |                                 |
| 96,922,600 (as at 31.03.2012 96,922,600) Equity shares of Rs. 2 each fully paid up | <b>1938.45</b>                                | 1938.45                         |
| Per balance sheet  | <b>1938.45</b>                                | 1938.45                         |

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

|   | As at 31.03.2013    |                | As at 31.03.2012    |          |
|---|---------------------|----------------|---------------------|----------|
|   | Number of<br>shares | Rs. Lacs       | Number of<br>shares | Rs. Lacs |
| Shares outstanding at the beginning of the year             | <b>96922600</b>     | <b>1938.45</b> | 96922600            | 1938.45  |
| Less: Shares cancelled consequent to merger (Refer note 43) | -                   | -              | 37755640            | 755.11   |
| Add: Shares issued consequent to merger (Refer note 43)     | -                   | -              | 37755640            | 755.11   |
| Shares outstanding at the end of the year                   | <b>96922600</b>     | <b>1938.45</b> | 96922600            | 1938.45  |

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

|   | As at 31.03.2013    |                 | As at 31.03.2012    |                 |
|---|---------------------|-----------------|---------------------|-----------------|
| Particulars   | Number of<br>shares | % of<br>holding | Number of<br>shares | % of<br>holding |
| <b>Equity Shares:</b>   |                     |                 |                     |                 |
| Trilochan Singh Sahney  | <b>11716406</b>     | <b>12.09</b>    | 11716406            | 12.09           |
| Trilochan Singh Sahney Trust 1 (held by a trustee in his individual name) | <b>37755640</b>     | <b>38.95</b>    | 37755640            | 38.95           |
| Acacia Partners, LP   | -                   | -               | 4873980             | 5.03            |
| ICICI Prudential Life Insurance Company Limited                           | <b>5418714</b>      | <b>5.59</b>     | 5624714             | 5.80            |

**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<br>shares<br>as at<br><b>31.03.2013</b> | Number of<br>shares<br>as at<br>31.03.2012 |
|--|---|--|
| Fully paid up by way of bonus shares   | <b>48461300</b>                                   | 48461300                                   |
| Fully paid up shares allotted, consequent to merger, without payments being received in cash | <b>37755640</b>                                   | 37755640                                   |
|  | <b>86216940</b>                                   | 86216940                                   |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**iv) Rights attached to equity shares:**

- a) Right to receive dividend as may be approved by the Board / Annual General Meeting.
- b) 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.
- c) 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.

**NOTE 4 - Reserves and surplus**

|  |                 | As at<br>31.03.2013 |          | As at<br>31.03.2012 |
|--|-----------------|---------------------|----------|---------------------|
|  | Rs. Lacs        | Rs. Lacs            | Rs. Lacs | Rs. Lacs            |
| <b>Capital reserve</b>   |                 | <b>25.00</b>        |          | 25.00               |
| <b>Securities premium account:</b>                                   |                 |                     |          |                     |
| Opening balance  | <b>847.61</b>   |                     | 245.72   |                     |
| Add: On account of merger (Refer note 43)                            | -               |                     | 601.89   |                     |
| Closing balance  |                 | <b>847.61</b>       |          | 847.61              |
| <b>Debenture redemption reserve:</b>                                 |                 |                     |          |                     |
| Opening balance  | <b>333.33</b>   |                     | 333.33   |                     |
| Add: Transfer from Surplus in the statement of Profit & Loss         | <b>166.67</b>   |                     | -        |                     |
| Closing balance  |                 | <b>500.00</b>       |          | 333.33              |
| <b>General reserve:</b>  |                 |                     |          |                     |
| Opening balance  | <b>13853.81</b> |                     | 13983.93 |                     |
| Less: On account of merger (Refer Note 43)                           | -               |                     | 612.99   |                     |
| Less: On account of demerger (Refer Note 42)                         | <b>6184.78</b>  |                     | -        |                     |
| Add: Transfer from Surplus in the statement of Profit & Loss         | <b>470.36</b>   |                     | 482.87   |                     |
| Closing balance  |                 | <b>8139.39</b>      |          | 13853.81            |
| <b>Capital redemption reserve:</b>                                   |                 |                     |          |                     |
| Opening balance  | <b>11.10</b>    |                     | -        |                     |
| Add: On account of merger (Refer Note 43)                            | -               |                     | 11.10    |                     |
| Closing balance  |                 | <b>11.10</b>        |          | 11.10               |
| <b>Surplus in the Statement of Profit and Loss:</b>                  |                 |                     |          |                     |
| Opening balance  | <b>7475.11</b>  |                     | 5373.19  |                     |
| Add: Profit for the year   | <b>4703.57</b>  |                     | 4828.67  |                     |
| Less: Appropriations   |                 |                     |          |                     |
| Proposed dividend (Rs. 1.70 (year ended 31.03.2012 Rs. 2) per share) | <b>1647.68</b>  |                     | 1938.45  |                     |
| Tax on dividend  | <b>269.82</b>   |                     | 305.43   |                     |
| Transfer to general reserve  | <b>470.36</b>   |                     | 482.87   |                     |
| Transfer to debenture redemption reserve                             | <b>166.67</b>   |                     | -        |                     |
| Closing balance  |                 | <b>9624.15</b>      |          | 7475.11             |
| Per balance sheet  |                 | <b>19147.25</b>     |          | 22545.96            |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**NOTE 5 - Long term borrowings**

|  | As at<br>31.03.2013<br>Rs. Lacs | As at<br>31.03.2012<br>Rs. Lacs |
|--|---------------------------------|---------------------------------|
| <b>A) Non-convertible debentures</b>                                     |                                 |                                 |
| Secured (Refer footnote i and ii (b) below)                              | <b>2000.00</b>                  | 2000.00                         |
| <b>B) Term loans in foreign currency from banks</b>                      |                                 |                                 |
| Secured (Refer footnote ii (a) below)                                    | <b>5247.64</b>                  | 12433.96                        |
| <b>C) Deferred payment liabilities</b>                                   | <b>1789.19</b>                  | 1568.01                         |
| Unsecured: Interest free Sales tax loan<br>(Refer footnote ii (c) below) |                                 |                                 |
| Per balance sheet  | <b>9036.83</b>                  | 16001.97                        |

**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 31.03.2013<br>Rs. Lacs | As at 31.03.2012<br>Rs. Lacs |
|---|--|---|------------------------------------|--|------------------------------|------------------------------|
| <b>a. Term loans in foreign currency from banks</b> |  |   |                                    |  |                              |                              |
| External commercial borrowings                      | Secured by hypothecation of/ charge on specified plant and machinery of the company.   | Quarterly installments to be completed in April, 2013                             | 1                                  | Libor + 281 bps to Libor + 350 bps         | <b>131.71</b>                | 801.05                       |
| 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                                 |  | <b>2782.27</b>               | 2606.55                      |
| External commercial borrowings                      | Secured by hypothecation of/ charge on specified plant and machinery of the company.   | Half yearly installments starting from August 2016 to be completed in August 2017 | 3                                  |  | <b>2987.05</b>               | 2798.40                      |
| External commercial borrowings (Refer Note 42)      | Secured by hypothecation of all movable properties at Shendra and exclusive first charge over immovable fixed assets at Shendra. | Quarterly installments starting from August 2013 to be completed in November 2016 |                                    |  | -                            | 6868.80                      |
|   |  |   |                                    | Total                                      | <b>5901.03</b>               | 13074.80                     |
|   |  |   |                                    | Comprises of:                              |                              |                              |
|   |  |   |                                    | Long term borrowings                       | <b>5247.64</b>               | 12433.96                     |
|   |  |   |                                    | Current maturities of long term borrowings | <b>653.39</b>                | 640.84                       |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**

| Particulars                            | Security  | Terms of repayment                              | Number of installments outstanding | Rate of interest                           | As at 31.03.2013<br>Rs. Lacs | As at 31.03.2012<br>Rs. Lacs |
|--|---|---|------------------------------------|--|------------------------------|------------------------------|
| <b>b. Non-convertible debentures</b>   | Secured by first pari passu charge on specified plant and machinery of the company. | Redeemable at par, on 31st May, 2014            | -                                  | 11.50%                                     | <b>2000.00</b>               | 2000.00                      |
| <b>c. Interest free Sales tax loan</b> |   |   |                                    |  |                              |                              |
| Sales tax deferral scheme              | -   | Annual instalments to be completed by May, 2025 | 13                                 |  | <b>1900.16</b>               | 1649.55                      |
|  |   |   |                                    | Comprises of:                              |                              |                              |
|  |   |   |                                    | Long term borrowings                       | <b>1789.19</b>               | 1568.01                      |
|  |   |   |                                    | Current maturities of long term borrowings | <b>110.97</b>                | 81.54                        |

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

**NOTE 6 - Deferred tax asset /(liability)**

| Nature of timing difference        | Deferred tax asset / (liability) as at 31.03.2012 | Transfer on demerger * | Credit/ (charge) for the year | Deferred tax asset/ (liability) as at 31.03.2013 |
|------------------------------------|---|------------------------|-------------------------------|--|
| a) Deferred tax liability          |   |                        |                               |  |
| Depreciation                       | (1648.93)   | <b>139.43</b>          | <b>39.86</b>                  | <b>(1469.64)</b>                                 |
| Sub - total                        | (1648.93)   | <b>139.43</b>          | <b>39.86</b>                  | <b>(1469.64)</b>                                 |
| b) Deferred tax asset              |   |                        |                               |  |
| Provision for Gratuity             | -   | -                      | <b>119.45</b>                 | <b>119.45</b>                                    |
| Demerger expenses                  | -   | -                      | <b>6.44</b>                   | <b>6.44</b>                                      |
| Provision for doubtful debts       | 209.91  | <b>(11.28)</b>         | <b>(72.53)</b>                | <b>126.10</b>                                    |
| Voluntary retirement compensation  | 91.27   | -                      | <b>(21.58)</b>                | <b>69.69</b>                                     |
| Provision for compensated absences | 176.25  | <b>(22.02)</b>         | <b>24.54</b>                  | <b>178.77</b>                                    |
| Sub - total                        | 477.43  | <b>(33.30)</b>         | <b>56.32</b>                  | <b>500.45</b>                                    |
| Per balance sheet                  | (1171.50)   | <b>106.13</b>          | <b>96.18</b>                  | <b>(969.19)</b>                                  |

\* Refer Note 42

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**NOTE 7 -Long term provisions**

|                                   | As at<br>31.03.2013<br>Rs. Lacs | As at<br>31.03.2012<br>Rs. Lacs |
|-----------------------------------|---------------------------------|---------------------------------|
| Provisions for employee benefits: |                                 |                                 |
| Compensated absences              | 419.73                          | 338.71                          |
| Per balance sheet                 | 419.73                          | 338.71                          |

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

Cash credit from banks (Refer footnote 1 below)

|         |         |        |
|---------|---------|--------|
| Secured | 3141.15 | 148.18 |
|---------|---------|--------|

**b) Other Loans from banks:**

Secured (Refer footnote 2 below)

|         |         |   |
|---------|---------|---|
| Secured | 3000.00 | - |
|---------|---------|---|

|           |         |         |
|-----------|---------|---------|
| Unsecured | 1500.00 | 2500.00 |
|-----------|---------|---------|

**c) Other Loans in foreign currency from banks:**

Secured (Refer footnote 1 below)

|         |         |         |
|---------|---------|---------|
| Secured | 3162.37 | 1415.54 |
|---------|---------|---------|

|           |         |   |
|-----------|---------|---|
| Unsecured | 2172.40 | - |
|-----------|---------|---|

**d) Other Loans:**

 Unsecured: Commercial papers  
 (Maximum balance outstanding during the year  
 Rs. 7500 lacs; 31.3.2012 Rs. 2500 lacs)

|                              |         |         |
|------------------------------|---------|---------|
| Unsecured: Commercial papers | 2000.00 | 2500.00 |
|------------------------------|---------|---------|

|                   |          |         |
|-------------------|----------|---------|
| Per balance sheet | 14975.92 | 6563.72 |
|-------------------|----------|---------|

**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 | - | - |
|--|---|---|

|                 |         |         |
|-----------------|---------|---------|
| - due to others | 6700.10 | 6395.84 |
|-----------------|---------|---------|

|                   |         |         |
|-------------------|---------|---------|
| Per balance sheet | 6700.10 | 6395.84 |
|-------------------|---------|---------|

**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, 2013 (contd.)****NOTE 10 - Other current liabilities**

|  | As at<br><b>31.03.2013</b><br><b>Rs. Lacs</b> | As at<br>31.03.2012<br>Rs. Lacs |
|--|---|---------------------------------|
| Current maturities of long-term debt<br>(Refer footnote i below) |   |                                 |
| - Term loans in foreign currency from banks                      | <b>653.39</b>                                 | 640.84                          |
| - Interest free Sales tax loan                                   | <b>110.97</b>                                 | 81.54                           |
| Security deposits  | <b>628.45</b>                                 | 590.95                          |
| Interest accrued but not due on borrowings                       | <b>132.20</b>                                 | 201.66                          |
| Unpaid dividends (unclaimed)<br>(refer footnote ii below)        | <b>17.19</b>                                  | 15.76                           |
| Other Payables   |   |                                 |
| - Fixed assets   | <b>31.24</b>                                  | 714.26                          |
| - Statutory dues   | <b>710.53</b>                                 | 738.49                          |
| - Advances received  | <b>224.93</b>                                 | 291.54                          |
| - Gratuity   | <b>368.16</b>                                 | 515.47                          |
| - Gratuity in respect of Executive Chairman                      | <b>1.00</b>                                   | 1.00                            |
| Per balance sheet  | <b>2878.06</b>                                | 3791.51                         |

**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                 | <b>131.26</b>  | 204.51  |
|                                      | <b>131.26</b>  | 204.51  |
| b) Provision - Others:               |                |         |
| Proposed dividend                    | <b>1647.68</b> | 1938.45 |
| Tax on dividend                      | <b>269.82</b>  | 305.43  |
|                                      | <b>1917.50</b> | 2243.88 |
| Per balance sheet                    | <b>2048.76</b> | 2448.39 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)

## NOTE 12 - Fixed Assets

|                                     | GROSS BLOCK - AT COST          |           |                       |            | DEPRECIATION /AMORTISATION     |                                |              |              | NET BLOCK     |                                |                |                |
|-------------------------------------|--------------------------------|-----------|-----------------------|------------|--------------------------------|--------------------------------|--------------|--------------|---------------|--------------------------------|----------------|----------------|
| Description                         | Opening Balance As at 01.04.12 | Additions | Transfer on demerger* | Deductions | Closing Balance As at 31.03.13 | Opening Balance As at 01.04.12 | For the year | On demerger* | On Deductions | Closing Balance As at 31.03.13 | As at 31.03.13 | As at 31.03.12 |
|                                     | Rs. lacs                       | Rs. lacs  | Rs. lacs              | Rs. lacs   | Rs. lacs                       | Rs. lacs                       | Rs. lacs     | Rs. lacs     | Rs. lacs      | Rs. lacs                       | Rs. lacs       | Rs. lacs       |
| <b>A. Tangible Assets</b>           |                                |           |                       |            |                                |                                |              |              |               |                                |                |                |
| Freehold land                       | 60.00                          | -         | -                     | -          | 60.00                          | -                              | -            | -            | -             | -                              | 60.00          | 60.00          |
| Leasehold land                      | 925.59                         | -         | 748.16                | -          | 177.43                         | 16.23                          | 5.84         | 6.11         | -             | 15.96                          | 161.47         | 909.36         |
| Buildings and flats                 | 4022.71                        | 14.53     | 35.66                 | 24.17      | 3977.41                        | 1266.42                        | 111.72       | 10.86        | 13.00         | 1354.28                        | 2623.13        | 2756.29        |
| Plant and equipment (refer note 29) | 37531.87                       | 2640.83   | 2501.24               | 500.19     | 37171.27                       | 21587.69                       | 2666.50      | 1779.70      | 485.81        | 21988.68                       | 15182.59       | 15944.18       |
| Furniture and fixtures              | 566.08                         | 94.72     | 0.26                  | -          | 660.54                         | 346.98                         | 27.06        | 0.08         | -             | 373.96                         | 286.58         | 219.10         |
| Office equipments                   | 988.39                         | 27.41     | 14.80                 | -          | 1001.00                        | 764.21                         | 45.56        | 2.01         | -             | 807.76                         | 193.24         | 224.18         |
| Electrical installations            | 828.67                         | 1.56      | -                     | -          | 830.23                         | 504.63                         | 33.21        | -            | -             | 537.84                         | 292.39         | 324.04         |
| Vehicles                            | 496.22                         | 27.22     | 7.11                  | 36.39      | 479.94                         | 289.77                         | 37.06        | 0.23         | 31.73         | 294.87                         | 185.07         | 206.45         |
| <b>Sub Total (A)</b>                | 45419.53                       | 2806.27   | 3307.23               | 560.75     | 44357.82                       | 24775.93                       | 2926.95      | 1798.99      | 530.54        | 25373.35                       | 18984.47       | 20643.60       |
| <b>B. Intangible Assets</b>         |                                |           |                       |            |                                |                                |              |              |               |                                |                |                |
| Computer Software                   | 340.38                         | 84.62     | -                     | -          | 425.00                         | 280.84                         | 70.23        | -            | -             | 351.07                         | 73.93          | 59.54          |
| <b>Sub Total (B)</b>                | 340.38                         | 84.62     | -                     | -          | 425.00                         | 280.84                         | 70.23        | -            | -             | 351.07                         | 73.93          | 59.54          |
| <b>Total (A) + (B)</b>              | 45759.91                       | 2890.89   | 3307.23               | 560.75     | 44782.82                       | 25056.77                       | 2997.18      | 1798.99      | 530.54        | 25724.42                       | 19058.40       | -              |
| Previous year                       | 39144.63                       | 6615.28   | -                     | -          | 45759.91                       | 22279.43                       | 2777.34      | -            | -             | 25056.77                       | -              | 20703.14       |
| Capital work-in-progress            |                                |           |                       |            |                                |                                |              |              |               |                                | 1797.52        | 1998.92        |
| Per balance sheet                   |                                |           |                       |            |                                |                                |              |              |               |                                | 20855.92       | 22702.06       |

## Footnotes:

1. Buildings and flats include:

- Shares in respect of residential premises of a cost of Rs. 489.02 lacs (as at 31.03.2012 Rs. 489.02 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. 750 (as at 31.03.2012 Rs. 1000) in co-operative housing societies viz. 5 shares of Rs. 50 each in Ville Parle Vatika 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.

2. Borrowing cost capitalised during the year Rs. 184.32 lacs (year ended 31.03.2012 Rs. 56.50 lacs).

\* Refer Note 42

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**NOTE 12 - Fixed Assets (Previous Year)**

| Description                            | GROSS BLOCK - AT COST                |           |            |                                      | DEPRECIATION/AMORTISATION            |              |               |                                      | NET BLOCK         |
|--|--------------------------------------|-----------|------------|--------------------------------------|--------------------------------------|--------------|---------------|--------------------------------------|-------------------|
|  | Opening Balance<br>As at<br>01.04.11 | Additions | Deductions | Closing Balance<br>As at<br>31.03.12 | Opening Balance<br>As at<br>01.04.11 | For the year | On Deductions | Closing Balance<br>As at<br>31.03.12 | As at<br>31.03.12 |
|  | Rs. lacs                             | Rs. lacs  | Rs. lacs   | Rs. lacs                             | Rs. lacs                             | Rs. lacs     | Rs. lacs      | Rs. lacs                             | Rs. lacs          |
| <b>A. Tangible Assets</b>              |                                      |           |            |                                      |                                      |              |               |                                      |                   |
| Freehold land                          | 60.00                                | -         | -          | 60.00                                | -                                    | -            | -             | -                                    | 60.00             |
| Leasehold land                         | 177.42                               | 748.17    | -          | 925.59                               | 11.80                                | 4.43         | -             | 16.23                                | 909.36            |
| Buildings and flats                    | 3938.13                              | 84.58     | -          | 4022.71                              | 1143.05                              | 123.37       | -             | 1266.42                              | 2756.29           |
| Plant and equipment<br>(refer note 29) | 31814.95                             | 5716.92   | -          | 37531.87                             | 19137.27                             | 2450.42      | -             | 21587.69                             | 15944.18          |
| Furniture and fixtures                 | 536.53                               | 29.55     | -          | 566.08                               | 308.67                               | 38.31        | -             | 346.98                               | 219.10            |
| Office equipments                      | 953.61                               | 34.78     | -          | 988.39                               | 727.15                               | 37.06        | -             | 764.21                               | 224.18            |
| Electrical installations               | 827.39                               | 1.28      | -          | 828.67                               | 470.34                               | 34.29        | -             | 504.63                               | 324.04            |
| Vehcles                                | 496.22                               | -         | -          | 496.22                               | 252.32                               | 37.45        | -             | 289.77                               | 206.45            |
| <b>Sub Total (A)</b>                   | 38804.25                             | 6615.28   | -          | 45419.53                             | 22050.60                             | 2725.33      | -             | 24775.93                             | 20643.60          |
| <b>B. Intangible Assets</b>            |                                      |           |            |                                      |                                      |              |               |                                      |                   |
| Computer Software                      | 340.38                               | -         | -          | 340.38                               | 228.83                               | 52.01        | -             | 280.84                               | 59.54             |
| <b>Sub Total (B)</b>                   | 340.38                               | -         | -          | 340.38                               | 228.83                               | 52.01        | -             | 280.84                               | 59.54             |
| <b>Total (A) + (B)</b>                 | 39144.63                             | 6615.28   | -          | 45759.91                             | 22279.43                             | 2777.34      | -             | 25056.77                             | 20703.14          |
| Capital work-in-progress               |                                      |           |            |                                      |                                      |              |               |                                      | 1998.92           |
| Per balance sheet                      |                                      |           |            |                                      |                                      |              |               |                                      | 22702.06          |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**NOTE 13 - Non current investments**

|   | <b>Rs. Lacs</b> | <b>As at<br/>31.03.2013<br/>Rs. Lacs</b> | <b>Rs. Lacs</b> | <b>As at<br/>31.03.2012<br/>Rs. Lacs</b> |
|---|-----------------|--|-----------------|--|
| <b>A. Trade</b>   |                 |  |                 |  |
| 1. Investments in Equity Instruments                      |                 |  |                 |  |
| a) of subsidiaries  |                 |  |                 |  |
| Quoted  |                 |  |                 |  |
| SNL Bearings Limited                                      |                 |  |                 |  |
| 2,652,762 (as at 31.03.2012 2,652,762)                    |                 |  |                 |  |
| Shares of Rs. 10 each fully paid-up                       | <b>239.67</b>   |  | 239.67          |  |
| Unquoted  |                 |  |                 |  |
| NRB Industrial Bearings Limited                           |                 |  |                 |  |
| Nil (as at 31.03.2012 50,000) Shares of                   |                 |  |                 |  |
| Rs. 10 each fully paid-up                                 | -               |  | 5.00            |  |
| NRB Bearings (Thailand) Limited                           |                 |  |                 |  |
| 10,999,994 (as at 31.03.2012 4,999,994)                   |                 |  |                 |  |
| Shares of THB 10 each fully paid-up                       | <b>1640.56</b>  |  | 599.64          |  |
| b) of joint venture company                               |                 |  |                 |  |
| Unquoted  |                 |  |                 |  |
| Schneeberger India Private Limited                        |                 |  |                 |  |
| Nil (as at 31.03.2012 112,500)                            |                 |  |                 |  |
| Shares of Rs. 10 each fully paid-up                       | -               |  | 11.25           |  |
| c) of other entities                                      |                 |  |                 |  |
| Quoted  |                 |  |                 |  |
| Indusind Bank Limited                                     |                 |  |                 |  |
| 8,541 (as at 31.03.2012 8,541)                            |                 |  |                 |  |
| Shares of Rs. 10 each fully paid-up                       | <b>0.98</b>     |  | 0.98            |  |
| Eicher Motors Limited                                     |                 |  |                 |  |
| 600 (as at 31.03.2012 600)                                |                 |  |                 |  |
| Shares of Rs. 10 each fully paid-up                       | <b>0.06</b>     |  | 0.06            |  |
| Hero Motocorp Limited (formerly known                     |                 |  |                 |  |
| as Hero Honda Motors Limited)                             |                 |  |                 |  |
| 6,250 (as at 31.03.2012 6,250) Shares of                  |                 |  |                 |  |
| Rs. 2 each fully paid-up                                  | <b>0.05</b>     |  | 0.05            |  |
| 2. Investments in preference shares of subsidiary company |                 |  |                 |  |
| Unquoted  |                 |  |                 |  |
| SNL Bearings Limited                                      |                 |  |                 |  |
| 1,000,000 (as at 31.03.2012 1,000,000)                    |                 |  |                 |  |
| 6% Cumulative redeemable preference shares                |                 |  |                 |  |
| of Rs. 40 each (as at 31.03.2012 Rs. 60 each)             |                 |  |                 |  |
| fully paid-up of which Rs. 20 each                        |                 |  |                 |  |
| (as at 31.03.2012 Rs. 20 each)                            |                 |  |                 |  |
| is considered as current investments.                     | <b>200.00</b>   |  | 400.00          |  |
|   |                 | <b>2081.32</b>                           |                 | 1256.65                                  |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**

|  | <b>Rs. Lacs</b> | <b>As at<br/>31.03.2013<br/>Rs. Lacs</b> | <b>As at<br/>31.03.2012<br/>Rs. Lacs</b> |
|--|-----------------|--|--|
| <b>B. Non -Trade</b>                       |                 |  |  |
| 1. Investments in Equity Instruments       |                 |  |  |
| Unquoted                                   |                 |  |  |
| 21st Century Battery Limited.              |                 |  |  |
| 10,000 (as at 31.03.2012 10,000) shares of |                 |  |  |
| Rs. 10 each fully paid-up                  | <b>1.00</b>     |  | 1.00                                     |
| Less: Provision for diminution in value    | <b>1.00</b>     |  | -  |
|  | <b>-</b>        |  | 1.00                                     |
| 2. Investments in Mutual funds             |                 |  |  |
| Unquoted                                   |                 |  |  |
| DSP Black Rock Equity Fund                 |                 |  |  |
| 50,000 (as at 31.03.2012 50,000) units of  |                 |  |  |
| Rs. 10 each fully paid-up                  | <b>5.00</b>     |  | 5.00                                     |
|  |                 | <b>5.00</b>                              | 6.00                                     |
| Per balance sheet                          |                 | <b>2086.32</b>                           | 1262.65                                  |
| Aggregate amount of quoted investments     |                 |  |  |
| [market value Rs. 790.84 lacs              |                 |  |  |
| (as at 31.03.2012: Rs. 952.94 lacs)]       |                 | <b>240.76</b>                            | 240.76                                   |
| Aggregate amount of unquoted investments   |                 | <b>1845.56</b>                           | 1021.89                                  |
|  |                 | <b>2086.32</b>                           | 1262.65                                  |

**NOTE 14 - Long term loans and advances**

(Unsecured, considered good)

|   |                |         |
|---|----------------|---------|
| Capital Advances                                | <b>1421.42</b> | 2478.98 |
| Security deposits                               | <b>311.73</b>  | 375.66  |
| Loans and advances to employees                 | <b>40.87</b>   | 23.56   |
| Other loans and advances                        | <b>-</b>       | 25.94   |
| Prepaid expenses                                | <b>25.41</b>   | 31.43   |
| Income taxes paid less provisions there against | <b>1007.70</b> | 717.76  |
| Per balance sheet                               | <b>2807.13</b> | 3653.33 |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**

|  | Rs. Lacs | As at<br>31.03.2013<br>Rs. Lacs | Rs. Lacs | As at<br>31.03.2012<br>Rs. Lacs |
|--|----------|---------------------------------|----------|---------------------------------|
| <b>NOTE 15 - Current investments</b>   |          |                                 |          |                                 |
| (At cost)  |          |                                 |          |                                 |
| Current portion of long-term investments   |          |                                 |          |                                 |
| Investments in preference shares of subsidiary company   |          |                                 |          |                                 |
| Unquoted   |          |                                 |          |                                 |
| SNL Bearings Limited   |          |                                 |          |                                 |
| 1,000,000 (as at 31.03.2012 1,000,000)   |          |                                 |          |                                 |
| 6% Cumulative redeemable preference shares of Rs. 40 each (as at 31.03.2012 Rs. 60 each) fully paid-up of which Rs. 20 each (as at 31.03.2012 Rs. 20 each) is considered as current investments. |          | <b>200.00</b>                   |          | 200.00                          |
| Per balance sheet  |          | <b>200.00</b>                   |          | 200.00                          |
| Aggregate amount of unquoted investments   |          | <b>200.00</b>                   |          | 200.00                          |

**NOTE 16 - Inventories**

(at lower of cost and net realisable value)

|  |                |                 |         |          |
|--|----------------|-----------------|---------|----------|
| (a) Raw materials  | <b>3295.91</b> |                 | 2961.74 |          |
| Goods-in-transit   | <b>65.05</b>   |                 | 16.06   |          |
|  |                | <b>3360.96</b>  |         | 2977.80  |
| (b) Work-in-progress                                       |                | <b>3482.69</b>  |         | 3665.97  |
| (c) Finished goods (other than those acquired for trading) |                | <b>5018.05</b>  |         | 4506.70  |
| (d) Stock-in-trade (acquired for trading) - lubricant      |                | <b>3.29</b>     |         | 14.06    |
| (e) Stores and spares                                      |                | <b>1555.20</b>  |         | 1501.29  |
| Per balance sheet  |                | <b>13420.19</b> |         | 12665.82 |

**Footnotes:**

i) **Raw Materials comprise of:**

|                   |                |         |
|-------------------|----------------|---------|
| Steel             | <b>2279.18</b> | 1930.87 |
| Brass             | <b>14.93</b>   | 23.00   |
| Components        | <b>966.64</b>  | 894.80  |
| Packing materials | <b>100.21</b>  | 129.13  |
| <b>TOTAL</b>      | <b>3360.96</b> | 2977.80 |

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

|                              |                |         |
|------------------------------|----------------|---------|
| Loose needle rollers         | <b>133.49</b>  | 126.20  |
| Needle roller bushes & cages | <b>304.26</b>  | 194.32  |
| Ball & roller bearings       | <b>119.53</b>  | 173.12  |
| Automobile components        | <b>140.51</b>  | 225.12  |
| Manufactured Components      | <b>2784.90</b> | 2947.21 |
| <b>TOTAL</b>                 | <b>3482.69</b> | 3665.97 |

iii) **Finished goods comprise of:**

|                              |                |         |
|------------------------------|----------------|---------|
| Loose needle rollers         | <b>474.80</b>  | 445.93  |
| Needle roller bushes & cages | <b>1698.31</b> | 1349.94 |
| Ball & roller bearings       | <b>2292.76</b> | 2349.20 |
| Automobile components        | <b>552.18</b>  | 361.63  |
| <b>TOTAL</b>                 | <b>5018.05</b> | 4506.70 |



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**NOTE 17 -Trade receivables**

|   |          | As at<br>31.03.2013 | As at<br>31.03.2012 |
|---|----------|---------------------|---------------------|
|   | Rs. Lacs | Rs. Lacs            | Rs. Lacs            |
| <b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment:</b> |          |                     |                     |
| Secured, considered good  | 2.38     |                     | 16.14               |
| Unsecured, considered good  | 1629.61  |                     | 1075.61             |
| Unsecured, considered doubtful  | 388.64   |                     | 646.97              |
|   | 2020.63  |                     | 1738.72             |
| Provision for doubtful debts  | 388.64   |                     | 646.97              |
|   |          | 1631.99             | 1091.75             |
| <b>Other trade receivables:</b>   |          |                     |                     |
| Secured, considered good  | 144.68   |                     | 134.07              |
| Unsecured, considered good  | 13973.29 |                     | 11975.84            |
|   |          | 14117.97            | 12109.91            |
| Per balance sheet   |          | 15749.96            | 13201.66            |

**NOTE 18 - Cash and cash equivalents**

|  |        |         |
|--|--------|---------|
| Cash on hand   | 3.62   | 3.51    |
| Cheques on hand  | 7.26   | 10.26   |
| Balances with banks:   |        |         |
| In current accounts  | 308.98 | 205.55  |
| In EEFC account  | -      | 10.94   |
| In deposit account   | 17.92  | 5218.33 |
| In earmarked accounts:   |        |         |
| Unpaid dividend accounts   | 17.19  | 15.76   |
| Per balance sheet  | 354.97 | 5464.35 |
| Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is | 337.78 | 5448.59 |

**NOTE 19 - Short term loans and advances**

(Unsecured, considered good)

|                                       |         |         |
|---------------------------------------|---------|---------|
| Loans and advances to employees       | 57.33   | 48.76   |
| Advance sales tax                     | 754.04  | 443.22  |
| Other loans and advances              | 1015.12 | 668.80  |
| Prepaid expenses                      | 100.74  | 168.42  |
| CENVAT/ Service tax credit receivable | 712.03  | 668.32  |
| Per balance sheet                     | 2639.26 | 1997.52 |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**NOTE 20 - Other current assets**

|                     | As at<br>31.03.2013<br>Rs. Lacs | As at<br>31.03.2012<br>Rs. Lacs |
|---------------------|---------------------------------|---------------------------------|
| Interest receivable | 0.54                            | 48.66                           |
| Per balance sheet   | 0.54                            | 48.66                           |

|  | For the<br>year ended<br>31.03.2013<br>Rs. Lacs | For the<br>year ended<br>31.03.2012<br>Rs. Lacs |
|--|---|---|
|  | Rs. Lacs  | Rs. Lacs  |

**NOTE 21 - Revenue from operations**

|                                     |          |          |
|-------------------------------------|----------|----------|
| Sale of products                    | 62169.26 | 58763.50 |
| Other operating revenues:           |          |          |
| Sale of scrap                       | 768.57   | 666.31   |
| Duty drawback and export incentives | 328.38   | 199.45   |
|                                     | 1096.95  | 865.76   |
|                                     | 63266.21 | 59629.26 |
| Less: Excise Duty                   | 5312.88  | 4692.83  |
| Per statement of profit and loss    | 57953.33 | 54936.43 |

**Revenue from operations comprise of:**

|                              |          |          |
|------------------------------|----------|----------|
| Loose needle rollers         | 2534.70  | 2569.84  |
| Needle roller bushes & cages | 24151.41 | 21912.19 |
| Ball & roller bearings       | 22608.66 | 22689.49 |
| Automobile components        | 7504.08  | 6785.53  |
| Traded goods - lubricants    | 57.53    | 113.62   |
|                              | 56856.38 | 54070.67 |
| Other operating revenues     | 1096.95  | 865.76   |
| TOTAL                        | 57953.33 | 54936.43 |

**NOTE 22 - Other income**

|   |        |        |
|---|--------|--------|
| Agency Commission   | 48.87  | 53.53  |
| Dividend income   |        |        |
| From long term investments                                |        |        |
| - Trade   | 81.35  | 18.08  |
| - Others  | 0.80   | -      |
| From current investments - Others                         | 82.15  | 18.08  |
|   | 82.15  | 18.08  |
| Net gain on foreign currency transactions and translation | 258.39 | -      |
| Provision for doubtful debts written back                 | 223.55 | -      |
| Profit on sale of fixed assets (net)                      | 78.34  | -      |
| Rent  | 36.24  | 26.85  |
| Other non-operating income                                | 138.83 | 4.82   |
| Per statement of profit and loss                          | 866.37 | 103.28 |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)****NOTE 23a - Cost of materials consumed**

|   |                 | <b>For the<br/>year ended<br/>31.03.2013</b> |                 | <b>For the<br/>year ended<br/>31.03.2012</b> |
|---|-----------------|--|-----------------|--|
|   | <b>Rs. Lacs</b> | <b>Rs. Lacs</b>                              | <b>Rs. Lacs</b> | <b>Rs. Lacs</b>                              |
| Opening Stock   |                 | <b>2977.80</b>                               |                 | 2762.06                                      |
| Add: Purchases  |                 | <b>24279.40</b>                              |                 | 21016.09                                     |
| Less: Transfer of inventory on account of demerger<br>(Refer Note 42) |                 | <b>311.86</b>                                |                 | -  |
|   |                 | <b>26945.34</b>                              |                 | 23778.15                                     |
| Less: Closing stock   |                 | <b>3360.96</b>                               |                 | 2977.80                                      |
| Per statement of profit and loss                                      |                 | <b>23584.38</b>                              |                 | 20800.35                                     |
| <b>Materials consumed comprise of:</b>                                |                 |  |                 |  |
| Steel   | <b>7933.27</b>  |  | 8959.23         |  |
| Brass   | <b>176.58</b>   |  | 235.68          |  |
| Components  | <b>14123.84</b> |  | 10361.24        |  |
| Packing material  | <b>1350.69</b>  |  | 1244.20         |  |
| <b>Total</b>  | <b>23584.38</b> |  | 20800.35        |  |

**NOTE 23b - Purchase of Stock-in-Trade**

|                                  |              |        |
|----------------------------------|--------------|--------|
| Lubricant                        | <b>44.61</b> | 121.79 |
| Per statement of profit and loss | <b>44.61</b> | 121.79 |

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

|  |                  |           |
|--|------------------|-----------|
| Opening stocks:  |                  |           |
| Work - in - progress   | <b>3665.97</b>   | 2869.92   |
| Finished goods   | <b>4506.70</b>   | 3915.11   |
| Stock - in - trade   | <b>14.06</b>     | 13.29     |
|  | <b>8186.73</b>   | 6798.32   |
| Closing stocks:  |                  |           |
| Work - in - progress   | <b>3482.69</b>   | 3665.97   |
| Finished goods   | <b>5018.05</b>   | 4506.70   |
| Stock - in - trade   | <b>3.29</b>      | 14.06     |
|  | <b>8504.03</b>   | 8186.73   |
| Transfer of inventory on account of demerger (Refer Note 42) | <b>(1140.70)</b> | -         |
| Per statement of profit and loss - Net (increase) / decrease | <b>(1458.00)</b> | (1388.41) |

**NOTE 24 - Employee benefit expense**

|   |                |         |
|---|----------------|---------|
| Salaries, wages and bonus                 | <b>7789.18</b> | 7089.39 |
| Contribution to provident and other funds | <b>829.01</b>  | 974.83  |
| Staff welfare                             | <b>861.13</b>  | 888.78  |
| Per statement of profit and loss          | <b>9479.32</b> | 8953.00 |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**NOTE 25 - Finance costs**

|                                  |                | For the<br>year ended<br>31.03.2013 |          | For the<br>year ended<br>31.03.2012 |
|----------------------------------|----------------|-------------------------------------|----------|-------------------------------------|
|                                  | Rs. Lacs       | Rs. Lacs                            | Rs. Lacs | Rs. Lacs                            |
| Interest                         |                |                                     |          |                                     |
| On fixed loans                   | <b>729.46</b>  |                                     | 968.78   |                                     |
| On others                        | <b>1092.02</b> |                                     | 336.78   |                                     |
|                                  |                | <b>1821.48</b>                      |          | 1305.56                             |
| Other borrowing costs            |                | <b>34.82</b>                        |          | 36.54                               |
|                                  |                | <b>1856.30</b>                      |          | 1342.10                             |
| Less: Interest income            |                |                                     |          |                                     |
| From banks on deposits           | <b>124.21</b>  |                                     | 208.34   |                                     |
| On loans and advances            | <b>0.66</b>    |                                     | 0.69     |                                     |
|                                  |                | <b>124.87</b>                       |          | 209.03                              |
| Per statement of profit and loss |                | <b>1731.43</b>                      |          | 1133.07                             |

**NOTE 26 - Other expenses**

|  |               |                |        |         |
|--|---------------|----------------|--------|---------|
| Consumption of stores and spare parts      |               | <b>5406.77</b> |        | 5145.78 |
| Processing charges                         |               | <b>1889.49</b> |        | 2630.59 |
| Power and fuel                             |               | <b>2674.36</b> |        | 2189.46 |
| Repairs and maintenance -                  |               |                |        |         |
| Buildings                                  | <b>146.31</b> |                | 235.31 |         |
| Plant and machinery                        | <b>261.03</b> |                | 175.20 |         |
| Others                                     | <b>113.64</b> |                | 137.53 |         |
|  |               | <b>520.98</b>  |        | 548.04  |
| Insurance                                  |               | <b>65.99</b>   |        | 64.53   |
| Rent                                       |               | <b>33.83</b>   |        | 24.71   |
| Rates and taxes                            |               | <b>126.69</b>  |        | 48.18   |
| Legal and professional fees                |               | <b>358.96</b>  |        | 344.39  |
| Directors' fees and commission             |               | <b>15.00</b>   |        | 13.90   |
| Commission on sales                        |               | <b>459.60</b>  |        | 336.98  |
| Sales discount                             |               | <b>123.29</b>  |        | 128.45  |
| Travelling and conveyance                  |               | <b>693.40</b>  |        | 552.15  |
| Postage, telephone and fax                 |               | <b>88.05</b>   |        | 112.95  |
| Bank charges                               |               | <b>45.28</b>   |        | 58.91   |
| Advertisement and sales promotion expenses |               | <b>144.49</b>  |        | 175.76  |
| Forwarding charges                         |               | <b>2829.46</b> |        | 1944.95 |
| Bad debts written off                      |               | <b>7.17</b>    |        | -       |
| Provision for doubtful debts               |               | -              |        | 121.36  |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)****NOTE 26 - (Contd.)**

|  | <b>For the<br/>year ended<br/>31.03.2013<br/>Rs. Lacs</b> | <b>For the<br/>year ended<br/>31.03.2012<br/>Rs. Lacs</b> |
|--|---|---|
| Lease rent (refer note 33)   | <b>67.76</b>  | 44.72   |
| IT expenses  | <b>203.40</b>   | 209.71  |
| Excise duty on Increase / (decrease) in<br>inventories of finished goods | <b>134.69</b>   | 112.74  |
| Net loss on foreign currency transactions and translation                | -   | 90.74   |
| Auditors' remuneration (see footnote below)                              | <b>44.46</b>  | 47.61   |
| Miscellaneous expenses   | <b>1003.12</b>  | 809.24  |
| Per statement of profit and loss   | <b>16936.24</b>   | 15755.85  |

**Footnote:****Details of Auditors' Remuneration:**

(excluding service tax)

|  |              |       |
|--|--------------|-------|
| Audit fees   | <b>21.00</b> | 21.00 |
| Report under section 44AB of<br>the Income-tax Act, 1961 | <b>2.90</b>  | 2.90  |
| Taxation matters   | -            | 3.34  |
| Other services   | <b>20.10</b> | 20.30 |
| Reimbursement of expenses                                | <b>0.46</b>  | 0.07  |
| <b>Total</b>   | <b>44.46</b> | 47.61 |

**NOTE 27 - Contingent liabilities not provided for:**

|  | <b>As at<br/>31.03.2013<br/>Rs. Lacs</b> | <b>As at<br/>31.03.2012<br/>Rs. Lacs</b> |
|--|--|--|
| a) Income Tax  | <b>1259.13</b>                           | 1035.04                                  |
| b) Sales Tax   | <b>46.01</b>                             | 118.08                                   |
| c) Customs Duty  | <b>158.87</b>                            | 158.87                                   |
| d) Bank guarantees   | <b>19.98</b>                             | 7.75                                     |
| e) Stand by letter of credit given to bank on<br>behalf of a subsidiary company    | <b>864.25</b>                            | 1119.36                                  |
| f) Corporate guarantees issued on behalf of<br>subsidiary companies/group company  | <b>9064.60</b>                           | 2082.86                                  |
| The Company is in further appeal in respect of<br>matters stated in a) to c) above |  |  |

**NOTE 28 -**

|   |                |          |
|---|----------------|----------|
| Estimated amount of contracts remaining to be<br>executed on capital account and not provided for | <b>4370.80</b> | 11851.83 |
|---|----------------|----------|

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**NOTE 29 - The amount of exchange differences (net):**

|  | <b>For the<br/>year ended<br/>31.03.2013<br/>Rs. Lacs</b> | For the<br>year ended<br>31.03.2012<br>Rs. Lacs |
|--|---|---|
| (i) (credited) / debited to the statement of profit and loss is        | <b>(258.39)</b>   | 90.74   |
| (ii) added to / (deducted from) the carrying amount of fixed assets is | <b>537.02</b>   | 387.81  |

**NOTE 30 - Expenditure on research and development:**

|   |               |        |
|---|---------------|--------|
| (i) Charged to the statement of profit & loss | <b>593.78</b> | 500.46 |
| (ii) Capitalized to fixed asset               | <b>100.74</b> | 16.15  |

**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:

Rs. in Lacs

|                           | <b>Within<br/>India</b>       | <b>Outside<br/>India</b>     | <b>Total</b>                  |
|---------------------------|-------------------------------|------------------------------|-------------------------------|
| Revenue from operations   | <b>42652.34</b><br>(47682.43) | <b>15300.99</b><br>(7254.00) | <b>57953.33</b><br>(54936.43) |
| Total Assets              | <b>49995.07</b><br>(55456.39) | <b>8119.22</b><br>(5739.66)  | <b>58114.29</b><br>(61196.05) |
| Additions to fixed assets | <b>2890.89</b><br>(6615.28)   | -                            | <b>2890.89</b><br>(6615.28)   |

**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)    | Subsidiaries   | SNL Bearings Limited<br>NRB Bearings (Thailand) Limited<br>NRB Industrial Bearings Limited (till 30.9.2012)<br>NRB IBC Bearings Private Limited (only for one day i.e. on 30.9.2012) |
| (b)    | A Joint Venture  | Schneeberger India Private Limited (till 30.9.2012)  |
| (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<br>Mr. D. S. Sahney, Whole time Director (till 30.9.2012)<br>Mr. S. C. Rangani, Executive Director & Company Secretary (w.e.f 31.10.2012)        |
| (e)    | A firm where executive chairman is a partner   | New Indo Trading Company   |
| (f)    | A Company wherein Mr. T. S. Sahney, Executive Chairman, Ms. H. S. Zaveri, Managing Director and Mr. D. S. Sahney, Whole time Director (till 30.9.2012) are directors and shareholders having Management Control. | NRB Industrial Bearings Limited  |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**B) Related Party Transactions:**

| Name of the related parties                        | Nature of Transactions  | Volume of Transactions      | Receivable as at 31.03.13   | Payable as at 31.03.13   |
|--|---|-----------------------------|-----------------------------|--------------------------|
|  |   | Rs. Lacs                    | Rs. Lacs                    | Rs. Lacs                 |
| SNL Bearings Limited                               | ICDs repaid   | -<br>(200.00)               | -<br>(-)                    | -<br>(-)                 |
|  | Interest received on ICDs   | -<br>(0.69)                 | -<br>(-)                    | -<br>(-)                 |
|  | Sale of raw material / fixed assets etc.                            | <b>50.66</b><br>(0.11)      | }                           |                          |
|  | Purchase of raw materials / fixed assets etc.                       | <b>1334.68</b><br>(1107.70) |                             | <b>158.21</b><br>(80.38) |
|  | Sale of scrap   | -<br>(12.84)                |                             | -<br>(-)                 |
|  | Proceeds from redemption of cumulative redeemable preference shares | <b>200.00</b><br>(200.00)   |                             | -<br>(-)                 |
|  | Guarantee given by NRB Bearings Ltd.                                | -<br>(-)                    |                             | -<br>(-)                 |
| NRB Bearings (Thailand) Limited                    | Sale of raw materials / fixed assets etc.                           | <b>739.35</b><br>(519.24)   | <b>1165.27</b><br>(1152.54) | -<br>(-)                 |
|  | Purchase of stores and spares                                       | <b>304.81</b><br>(201.80)   | -<br>(-)                    | -<br>(-)                 |
|  | Investment made in equity shares                                    | <b>1040.92</b><br>(-)       | -<br>(-)                    | -<br>(-)                 |
|  | Stand by letter of credit given by NRB Bearings Ltd.                | -<br>(-)                    | <b>864.25</b><br>(1119.36)  | -<br>(-)                 |
|  | Guarantees given by NRB Bearings Ltd.                               | -<br>(-)                    | <b>1382.75</b><br>(1732.86) | -<br>(-)                 |
| NRB Industrial Bearings Limited<br>(Refer Note 42) | Sale of finished goods raw material etc                             | <b>215.92</b><br>(-)        | <b>796.12</b><br>(-)        | -<br>(-)                 |
|  | Commission paid   | <b>2.58</b><br>(-)          | -<br>(-)                    | -<br>(-)                 |
|  | ICD taken   | <b>1000.00</b><br>(-)       | -<br>(-)                    | -<br>(-)                 |
|  | ICD repaid  | <b>1000.00</b><br>(-)       | -<br>(-)                    | -<br>(-)                 |
|  | Interest paid on ICD  | <b>6.48</b><br>(-)          | -<br>(-)                    | -<br>(-)                 |
|  | Guarantee given by NRB Bearings Ltd.                                | <b>7331.85</b><br>(-)       | <b>7331.85</b><br>(-)       | -<br>(-)                 |
| NRB IBC Bearings Private Limited                   | ICD given   | <b>50.00</b><br>(-)         | -<br>(-)                    | -<br>(-)                 |
|  | Interest received on ICD  | <b>0.66</b><br>(-)          | -<br>(-)                    | -<br>(-)                 |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**Note 32 - (Contd.)**

|                                    |   |                           |          |                         |
|------------------------------------|---|---------------------------|----------|-------------------------|
| Mr. T. S. Sahney                   | Remuneration                              | <b>152.08</b><br>(154.58) | -<br>(-) | <b>54.00</b><br>(54.00) |
|                                    | Purchase of equity shares in a subsidiary | <b>4.00</b><br>(4.00)     | -<br>(-) | -<br>(-)                |
| Ms. H. S. Zaveri                   | Remuneration                              | <b>161.56</b><br>(131.78) | -<br>(-) | <b>25.00</b><br>(24.00) |
| Mr. D. S. Sahney                   | Remuneration                              | <b>49.01</b><br>(86.82)   | -<br>(-) | <b>10.25</b><br>(18.00) |
|                                    | Sale of vehicle                           | <b>3.82</b><br>(-)        | -<br>(-) | -<br>(-)                |
| Mr. S. C. Rangani                  | Purchase of equity shares in a subsidiary | <b>1.00</b><br>(1.00)     | -<br>(-) | -<br>(-)                |
|                                    | Remuneration                              | <b>25.26</b><br>(-)       | -<br>(-) | -<br>(-)                |
| New Indo Trading Company           | Service Charges Paid                      | <b>5.52</b><br>(5.60)     | -<br>(-) | <b>1.29</b><br>(-)      |
| Schneeberger India Private Limited | Reimbursement of expenses                 | <b>0.42</b><br>(7.77)     | -<br>(-) | -<br>(-)                |
|                                    | Rent received                             | <b>5.23</b><br>(5.64)     | -<br>(-) | -<br>(-)                |

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

| Name   | Balance as at<br>31.03.2013 | Maximum amount<br>outstanding during the<br>year ended 31.03.2013 |
|--|-----------------------------|---|
|  | Rs. lacs                    | Rs. lacs  |
| Loans and advances in the nature of loans to subsidiary companies- |                             |   |
| NRB Industrial Bearings Limited                                    | -<br>(-)                    | <b>1000.00</b><br>(-)   |
| NRB IBC Bearings Private Limited                                   | -<br>(-)                    | <b>50.00</b><br>(-)   |
| SNL Bearings Limited   | -<br>(-)                    | -<br>(300.00)   |
| NRB Bearings (Thailand) Limited                                    | -<br>(-)                    | -<br>(23.37)  |

**Footnote:**

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



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)****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 31.03.2013 aggregated Rs. 67.76 lacs (for the year ended 31.03.2012: Rs. 44.72 lacs ). The minimum lease payments to be made in future as at the year end, in respect of non-cancellable lease are follows:

|   | <b>For the<br/>year ended<br/>31.03.2013<br/>Rs. Lacs</b> | <b>For the<br/>year ended<br/>31.03.2012<br/>Rs. Lacs</b> |
|---|---|---|
| (i) For a period not later than one year                            | <b>43.14</b>  | 40.21   |
| (ii) For a period later than one year and not later than five years | <b>65.26</b>  | 76.87   |
| (iii) For a period later than five years                            | -   | -   |

**NOTE 34 - Value used in calculating Earnings Per Share**

|   |                 |          |
|---|-----------------|----------|
| (i) Profit after tax (Rs. in lacs)                | <b>4703.57</b>  | 4828.67  |
| (ii) Number of Equity Shares                      | <b>96922600</b> | 96922600 |
| (iii) Par value per share (Rs.)                   | <b>2</b>        | 2        |
| (iv) Earnings per share - Basic and diluted (Rs.) | <b>4.85</b>     | 4.98     |

**NOTE 35 - Value of imported and indigenous materials consumed**

|            | <b>For the<br/>year ended 31.03.2013<br/>Rs. Lacs</b> | <b>Percentage<br/>(%)</b> | <b>For the<br/>year ended 31.03.2012<br/>Rs. Lacs</b> | <b>Percentage<br/>(%)</b> |
|------------|---|---------------------------|---|---------------------------|
| Imported   | <b>6551.72</b>  | <b>28</b>                 | 6221.00   | 30                        |
| Indigenous | <b>17032.66</b>                                       | <b>72</b>                 | 14579.35  | 70                        |
|            | <b>23584.38</b>                                       | <b>100</b>                | 20800.35  | 100                       |

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

|            | <b>For the<br/>year ended 31.03.2013<br/>Rs. Lacs</b> | <b>Percentage<br/>(%)</b> | <b>For the<br/>year ended 31.03.2012<br/>Rs. Lacs</b> | <b>Percentage<br/>(%)</b> |
|------------|---|---------------------------|---|---------------------------|
| Imported   | <b>900.31</b>   | <b>17</b>                 | 856.92  | 17                        |
| Indigenous | <b>4506.46</b>  | <b>83</b>                 | 4288.86   | 83                        |
|            | <b>5406.77</b>  | <b>100</b>                | 5145.78   | 100                       |

**NOTE 37 - CIF value of imports**

|                                 | <b>For the<br/>year ended<br/>31.03.2013<br/>Rs. Lacs</b> | <b>For the<br/>year ended<br/>31.03.2012<br/>Rs. Lacs</b> |
|---------------------------------|---|---|
| i) Raw materials and components | <b>6199.16</b>  | 6423.08   |
| ii) Stores and spare parts      | <b>991.15</b>   | 977.67  |
| iii) Capital Goods              | <b>1086.98</b>  | 3338.00   |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**

|  | <b>year ended<br/>31.03.2013<br/>Rs. Lacs</b> | <b>year ended<br/>31.03.2012<br/>Rs. Lacs</b> |
|--|---|---|
| <b>NOTE 38 - Expenditure in foreign currency</b> |   |   |
| i) Foreign travel                                | <b>164.22</b>                                 | 118.98  |
| ii) Commission on exports                        | <b>220.33</b>                                 | 99.53   |
| iii) Interest                                    | <b>508.59</b>                                 | 424.05  |
| iv) Salary                                       | <b>251.76</b>                                 | 145.70  |
| v) Professional fees                             | <b>350.76</b>                                 | 43.21   |
| vi) Repairs                                      | <b>-</b>                                      | 30.09   |

**NOTE 39 - Earnings in foreign exchange:**

|   |                 |         |
|---|-----------------|---------|
| i) Export of goods calculated on F.O.B basis          | <b>14972.61</b> | 7054.55 |
| ii) Reimbursement of insurance and freight on exports | <b>874.07</b>   | 534.20  |
| iii) Agency commission                                | <b>48.87</b>    | 53.53   |

**NOTE 40 - Financial and Derivative Instruments**

i) Forward Exchange Contracts entered into by the company that are outstanding as at 31st March, 2013:

| <b>Currency</b> | <b>Amount in foreign currency</b> | <b>Buy/Sell</b>     | <b>Cross Currency</b> |
|-----------------|-----------------------------------|---------------------|-----------------------|
| USD             | <b>3,243,215</b><br>(200,000)     | <b>Buy</b><br>(Buy) | <b>INR</b><br>(INR)   |
| Euro            | <b>350,000</b><br>(-)             | <b>Buy</b><br>(-)   | <b>USD</b><br>(-)     |
| Euro            | <b>325,000</b><br>(-)             | <b>Buy</b><br>(-)   | <b>INR</b><br>(-)     |
| JPY             | <b>6,033,400</b><br>(-)           | <b>Sell</b><br>(-)  | <b>USD</b><br>(-)     |
| Euro            | <b>584,555</b><br>(-)             | <b>Sell</b><br>(-)  | <b>USD</b><br>(-)     |
| USD             | <b>75,000</b><br>(-)              | <b>Sell</b><br>(-)  | <b>INR</b><br>(-)     |
| USD             | <b>-</b><br>(366,077)             | <b>-</b><br>(Sell)  | <b>-</b><br>(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  | <b>2</b><br>(2)                    |
| Principal amount in US Dollars                                  | <b>60,628</b><br>(303,140)         |
| Equivalent rupees at year end rate in Rs. Lacs                  | <b>3.03</b><br>(154.24)            |
| Principal amount in yen<br>(cross currency swap in US Dollars ) | <b>25,827,724</b><br>(129,138,588) |
| Equivalent dollars at year end rate                             | <b>242,514</b><br>(1,319,562)      |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**

- iii) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts: 3 (as at 31.3.2012: 4)
- iv) Foreign currency exposures that have not been hedged by a derivative instrument or other wise outstanding as at 31.03.2013:

|  | <b>Currency</b> | <b>Amount</b>                     | <b>Equivalent Rs. Lacs<br/>as at year end</b> |
|--|-----------------|-----------------------------------|---|
| a) Amount receivable in foreign currency : |                 |                                   |   |
| Export of goods                            | USD             | <b>10,075,169</b><br>(6,923,150)  | <b>5470.82</b><br>(3515.48)                   |
|  | EURO            | <b>3,548,043</b><br>(2,889,658)   | <b>2468.37</b><br>(1962.37)                   |
| b) Amounts payable in foreign currency :   |                 |                                   |   |
| Import of goods                            | JPY             | <b>17,033,636</b><br>(98,770,431) | <b>98.10</b><br>(650.89)                      |
|  | EURO            | <b>849,018</b><br>(1,005,151)     | <b>590.83</b><br>(645.35)                     |
|  | USD             | <b>321,188</b><br>(283,733)       | <b>174.44</b><br>(144.89)                     |
|  | GBP             | -<br>(1,452)                      | -<br>(1.03)                                   |
|  | CHF             | <b>3,785</b><br>(13,708)          | <b>2.16</b><br>(6.74)                         |
|  | THB             | -<br>(1,202,014)                  | -<br>(18.23)                                  |
| Capital Imports                            | JPY             | -<br>(100,943,939)                | -<br>(617.17)                                 |
|  | USD             | <b>8,635</b><br>(15,300)          | <b>4.69</b><br>(7.66)                         |
| Loans payable                              | USD             | <b>20,627,646</b><br>(28,224,626) | <b>11232.77</b><br>(14360.69)                 |

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

**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 :

|   | <b>For the<br/>year ended<br/>31.03.2013<br/>Rs. Lacs</b> | <b>For the<br/>year ended<br/>31.03.2012<br/>Rs. Lacs</b> |
|---|---|---|
| i) Employer's Contribution to Provident Fund        | <b>234.89</b>   | 231.05  |
| ii) Employer's Contribution to Family Pension Fund  | <b>83.13</b>  | 89.30   |
| iii) Employer's Contribution to Superannuation Fund | <b>125.55</b>   | 116.80  |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**
**2) Defined Benefit Plans :**

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

| <b>Particulars</b>   | <b>2012 - 13<br/>Rs. Lacs</b>     | <b>2011-12<br/>Rs. Lacs</b> |
|--|-----------------------------------|-----------------------------|
| i) Components of employer expenses                                   |                                   |                             |
| a) Current Service cost  | <b>82.80</b>                      | 71.88                       |
| b) Interest cost   | <b>147.73</b>                     | 112.19                      |
| c) Expected return on plan assets                                    | <b>(105.14)</b>                   | (96.99)                     |
| d) Actuarial Losses/ (Gains)   | <b>242.77</b>                     | 428.39                      |
| <b>Total expenses recognised in the Statement of Profit and Loss</b> | <b>368.16</b>                     | 515.47                      |
| ii) Actual Contribution and Benefit Payments for year                |                                   |                             |
| a) Actual benefit payments   | <b>105.59</b>                     | 197.57                      |
| b) Actual Contributions  | <b>515.47</b>                     | 147.51                      |
| iii) Change in Defined Benefit Obligations (DBO) during the year     |                                   |                             |
| a) Present Value of DBO at the beginning of the year                 | <b>1737.97</b>                    | 1359.94                     |
| b) Current Service cost  | <b>82.80</b>                      | 71.88                       |
| c) Interest cost   | <b>147.73</b>                     | 112.19                      |
| d) Actuarial Losses/ (Gains)   | <b>180.41</b>                     | 391.53                      |
| e) Benefits paid   | <b>(105.59)</b>                   | (197.57)                    |
| <b>Present Value of DBO at the end of the year</b>                   | <b>2043.32</b>                    | 1737.97                     |
| iv) Change in Fair Value of Assets during the year                   |                                   |                             |
| a) Plan assets at beginning of the year                              | <b>1222.50</b>                    | 1212.40                     |
| b) Expected return on plan assets                                    | <b>105.14</b>                     | 96.99                       |
| c) Actuarial (Losses)/ Gains   | <b>(62.36)</b>                    | (36.83)                     |
| d) Actual Company contributions                                      | <b>515.47</b>                     | 147.51                      |
| e) Fair Value of benefits paid                                       | <b>(105.59)</b>                   | (197.57)                    |
| <b>Fair value of plan assets at the end of year</b>                  | <b>1675.16</b>                    | 1222.50                     |
| v) Contribution expected to be paid next year                        | <b>212.03</b>                     | 195.84                      |
| vi) Actuarial Assumptions  |                                   |                             |
| a) Discount Rate   | <b>8.25%</b>                      | 8.50%                       |
| b) Expected rate of return on Plan assets                            | <b>8.70%</b>                      | 8.60%                       |
| c) Salary escalation   | <b>6% - 10%</b>                   | 5% - 8%                     |
| d) Mortality Table   | <b>LIC (1994-96)<br/>Ultimate</b> | LIC (1994-96)<br>Ultimate   |
| e) Attrition rate  | <b>2% - 10%</b>                   | 2% - 10%                    |
| vii) The major categories of plan assets - Insurer Managed Funds     | <b>100.00%</b>                    | 100.00%                     |

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)**

| Particulars   | As at<br>31.03.2013<br>Rs. Lacs | As at<br>31.03.2012<br>Rs. Lacs | As at<br>31.03.2011<br>Rs. Lacs | As at<br>31.03.2010<br>Rs. Lacs | As at<br>31.03.2009<br>Rs. Lacs |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| viii) Net asset/(liability) recognised in balance sheet     |                                 |                                 |                                 |                                 |                                 |
| a) Defined Benefit Obligation                               | <b>(2043.32)</b>                | (1737.97)                       | (1359.94)                       | (1232.88)                       | (886.53)                        |
| b) Fair Value of Plan assets                                | <b>1675.16</b>                  | 1222.50                         | 1212.40                         | 1107.83                         | 888.12                          |
| c) <b>Net asset/(liability) recognised in balance sheet</b> | <b>(368.16)</b>                 | (515.47)                        | (147.54)                        | (125.05)                        | 1.59                            |
| d) Experience adjustment arising on :                       |                                 |                                 |                                 |                                 |                                 |
| 1) Plan Liabilities [Losses/(Gains)]                        | <b>67.91</b>                    | 111.21                          | (32.42)                         | 97.54                           | 87.62                           |
| 2) Plan Assets [ (Losses) / Gains ]                         | <b>62.36</b>                    | 36.83                           | (11.45)                         | 66.62                           | (96.73)                         |

**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
- (i) Compensated Expenses recognised in the statement of profit and loss for the year, under employee benefit expense, is Rs. 148.84 lacs (for the year ended 31.03.2012 : Rs. 261.25 lacs).
  - (ii) Actuarial Assumptions used:

|    |  | As at<br>31.03.2013               | As at<br>31.03.2012       |
|----|--|-----------------------------------|---------------------------|
| a) | Discount Rate                          | <b>8.25%</b>                      | 8.50%                     |
| b) | Expected rate of return on Plan assets | <b>8.70%</b>                      | 8.60%                     |
| c) | Salary escalation                      | <b>6% - 10%</b>                   | 5% - 8%                   |
| d) | Mortality Table                        | <b>LIC (1994-96)<br/>Ultimate</b> | LIC (1994-96)<br>Ultimate |
| e) | Attrition rate                         | <b>2% - 10%</b>                   | 2% - 10%                  |

**NOTE 42**

The scheme of arrangement for the demerger of industrial bearings undertaking of the Company into NRB Industrial Bearings Limited (NIBL) was approved by the Hon'ble high court vide its order dated 24th August 2011 on getting requisite approvals and completion of necessary formalities.

Consequent to the vesting of the industrial bearings undertaking of the Company in terms of the scheme, the financial statement of the Company for the year ended 31 March 2013 do not include the operations of the industrial bearings for the six months from 1 October 2012 to 31 March 2013 and therefore are strictly not comparable with the figures of the previous year ended 31 March 2012.

All the assets and liabilities relating to industrial bearings business of the Company on the appointed date have been transferred to NIBL on a going concern basis. The excess of assets over liabilities relating to industrial bearings business as on 1st October 2012 being the appointed and effective date, have been adjusted in terms of the scheme against the General reserve amounting to Rs. 6184.78 lacs.

Further as per the scheme, NIBL has allotted to the shareholders of the Company, fully paid up equity shares in the ratio of one share for every four shares held in NRB Bearings Limited as on record date 26th October, 2012.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (contd.)****NOTE 43**

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 Nil (as at 31.3.2012: 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 assets taken over of TICPL, an investment Company comprise of investments in equity shares of NRB Bearings Limited of Rs. Nil (as at 31.3.2012: 6785.63 lacs), bank balance of Rs. Nil (as at 31.3.2012: Rs. 24.58 lacs) and liabilities of Rs. Nil (as at 31.3.2012: Rs. 24.58 lacs). The reserves of TICPL namely, general reserve of Rs. Nil (as at 31.3.2012: Rs. 6172.64 lacs), securities premium of Rs. Nil (as at 31.3.2012: Rs. 601.89 lacs) and capital redemption reserve of Rs. Nil (as at 31.3.2012: Rs. 11.10 lacs) have been accounted for at their respective book values. The value of investments of Rs. Nil (as at 31.3.2012: Rs. 6785.63 lacs) have been adjusted against general reserve resulting in net adjustment of Rs. Nil (as at 31.3.2012: Rs. 612.99 lacs).

**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. With effect from, 1st October, 2012 the joint venture is transferred to NRB Industrial Bearings Limited under the scheme of demerger (refer note 42). The proportionate share in assets, liabilities, income & expenditure of the joint venture company as on 30th September, 2012 is given below :

| <b>Name of the Joint venture company</b>                      | <b>Percentage of holding</b> | <b>Assets</b>           | <b>Liabilities</b>         | <b>Income</b>           | <b>Expenditure</b>      |
|---|------------------------------|-------------------------|----------------------------|-------------------------|-------------------------|
| Schneeberger India Private Limited<br>(incorporated in India) | <b>45%</b><br>(45%)          | <b>52.56</b><br>(54.93) | <b># 0.34</b><br># (31.32) | <b>46.14</b><br>(67.20) | <b>14.74</b><br>(18.18) |

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**

Previous year's figures have been regrouped / re-stated wherever necessary.

**Signature to Notes**

For and on behalf of the Board of Directors

**H. S. Zaveri**  
Managing Director & President

**K. S. Pant**      **K. M. Elavia**

**S. C. Rangani**  
Executive Director & Company Secretary

**A. N. Desai**      **D. S. Sahney**

**Tashwinder Singh**

Mumbai: 29th May, 2013

**Jyotsna Sharma**  
Chief Financial Officer

Directors

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

|  | <b>SNL BEARINGS LTD</b>                                | <b>NRB BEARINGS (THAILAND) LTD</b>                            |
|--|--|---|
| A. The Financial Year of the Subsidiary Company  | 31st March, 2013                                       | 31st March, 2013  |
| 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 | 10,999,994 Equity Shares of Thai Baht 10/- each fully paid up |
| (b) Extent of holding  | 73.45%   | 100.00%   |
| C. The net aggregate of profit/(loss) of the Subsidiary so far as it concerns the members of the Holding Company and not dealt with in the Accounts of the Holding Company |  |   |
| (a) For the financial year ended 31st March, 2013  | Rs. 395.77 lacs  | (13659.25) THB'000  |
| (b) For the previous financial year  | Rs. 446.51 lacs  | (19977.49) THB'000  |
| D. Profit dealt with or losses provided for in the Accounts of the Holding Company   |  |   |
| (a) For the financial year ended 31st March, 2013  | Nil  | Nil   |
| (b) For all previous financial years   | Nil  | Nil   |

For and on behalf of the Board of Directors

**H. S. Zaveri**  
Managing Director & President**K. S. Pant**      **K. M. Elavia****S. C. Rangani**  
Executive Director & Company Secretary**A. N. Desai**      **D. S. Sahney****Jyotsna Sharma**  
Chief Financial Officer**Tashwinder Singh**

Directors

Mumbai: 29th May, 2013

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

| DETAILS   | SNL BEARINGS      | NRB BEARINGS (THAILAND) LTD    |                 |
|---|-------------------|--------------------------------|-----------------|
|   | LTD<br>Rs in lacs | THB 000s                       | Rs in lacs      |
| Paid up capital   | 761.15            | 110000.00                      | 2039.40         |
| Reserves & Surplus  | 283.35            | (98976.18)                     | (1835.02)       |
| Total Assets (non-current assets + current assets)                | 1788.46           | 194811.07                      | 3611.80         |
| Total liabilities (non-current liabilities + current liabilities) | 743.96            | 183787.25                      | 3407.42         |
| Investments (excl. investments in subsidiaries)                   | -                 | -                              | -               |
| Revenues  | 2299.72           | 76407.68                       | 1416.60         |
| Profit/(Loss) before tax  | 611.05            | (13659.25)                     | (253.24)        |
| Provision for tax   | 215.28            | -                              | -               |
| Profit/(loss) after tax   | 395.77            | (13659.25)                     | (253.24)        |
| Proposed dividend (excluding dividend distribution tax)           | 60.00             | -                              | -               |
|   |                   | Exchange rate<br>as on 31.3.13 | 1THB= INR 1.854 |

For and on behalf of the Board of Directors

**H. S. Zaveri**  
Managing Director & President

**K. S. Pant**      **K. M. Elavia**

**S. C. Rangani**  
Executive Director & Company Secretary

**A. N. Desai**      **D. S. Sahney**

**Tashwinder Singh**

Mumbai: 29th May, 2013

**Jyotsna Sharma**  
Chief Financial Officer

Directors



**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

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**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **NRB BEARINGS LIMITED** (the "Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and jointly controlled entity referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) 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
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Other Matter**

We did not audit the financial statements of 2 subsidiaries and 1 jointly controlled entity, whose financial statements reflect total assets (net) of Rs. 3611.20 lakhs as at 31st March, 2013, total income from Operations of Rs. 1046.72 lakhs and net cash outflow amounting to Rs. 111.52 lakhs 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 by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter

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

**A. C. Khanna**  
Partner

(Membership No.17814)

Mumbai : 29th May, 2013

**CONSOLIDATED FINANCIAL STATEMENTS**  
**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013**

| Particulars                              | Note No. | As at 31.03.2013<br>Rs. Lacs | Rs. Lacs        | As at 31.03.2012<br>Rs. Lacs | Rs. Lacs |
|--|----------|------------------------------|-----------------|------------------------------|----------|
| <b>I EQUITY AND LIABILITIES</b>          |          |                              |                 |                              |          |
| <b>1) Shareholders' Funds</b>            |          |                              |                 |                              |          |
| (a) Share Capital                        | 2        |                              | <b>1938.45</b>  |                              | 1938.45  |
| (b) Reserves and Surplus                 | 3        |                              | <b>17865.60</b> |                              | 21436.74 |
| (c) Minority interest                    |          |                              |                 |                              |          |
| (i) Share capital                        |          | <b>95.88</b>                 |                 | 95.88                        |          |
| (ii) Reserves and surplus                |          | <b>(11.20)</b>               |                 | (112.55)                     |          |
| - Brought forward balance                |          | <b>86.44</b>                 |                 | 101.35                       |          |
| - Transferred from profit & loss account |          | <b>75.24</b>                 | <b>171.12</b>   | (11.20)                      | 84.68    |
|  |          |                              | <b>18036.72</b> |                              | 21521.42 |
|  |          |                              | <b>19975.17</b> |                              | 23459.87 |
| <b>2) Non-Current Liabilities</b>        |          |                              |                 |                              |          |
| (a) Long term borrowings                 | 4        | <b>9593.00</b>               |                 | 16939.39                     |          |
| (b) Deferred tax liabilities (Net)       | 5        | <b>1015.38</b>               |                 | 1190.42                      |          |
| (c) Long term provisions                 | 6        | <b>441.82</b>                |                 | 356.22                       |          |
|  |          |                              | <b>11050.20</b> |                              | 18486.03 |
| <b>3) Current Liabilities</b>            |          |                              |                 |                              |          |
| (a) Short term borrowings                | 7        | <b>16420.22</b>              |                 | 7566.01                      |          |
| (b) Trade payables                       | 8        | <b>6866.28</b>               |                 | 6583.39                      |          |
| (c) Other current liabilities            | 9        | <b>3360.14</b>               |                 | 4336.21                      |          |
| (d) Short-term provisions                | 10       | <b>2056.07</b>               |                 | 2550.93                      |          |
|  |          |                              | <b>28702.71</b> |                              | 21036.54 |
| <b>Total</b>                             |          |                              | <b>59728.08</b> |                              | 62982.44 |
| <b>II ASSETS</b>                         |          |                              |                 |                              |          |
| <b>1) Non-current assets</b>             |          |                              |                 |                              |          |
| (a) Fixed assets                         | 11       |                              |                 |                              |          |
| (i) Tangible assets                      |          | <b>21735.20</b>              |                 | 23028.00                     |          |
| (ii) Intangible assets                   |          | <b>79.49</b>                 |                 | 69.83                        |          |
| (iii) Capital work-in-progress           |          | <b>1932.92</b>               |                 | 2039.44                      |          |
|  |          | <b>23747.61</b>              |                 | 25137.27                     |          |
| (b) Goodwill arising on consolidation    |          | <b>47.75</b>                 |                 | 47.75                        |          |
| (c) Non-current investments              | 12       | <b>6.09</b>                  |                 | 7.09                         |          |
| (d) Long term loans and advances         | 13       | <b>2960.23</b>               |                 | 3786.82                      |          |
| (e) Other non-current assets             | 14       | <b>-</b>                     |                 | 1.94                         |          |
|  |          |                              | <b>26761.68</b> |                              | 28980.87 |
| <b>2) Current assets</b>                 |          |                              |                 |                              |          |
| (a) Inventories                          | 15       | <b>14751.79</b>              |                 | 13775.67                     |          |
| (b) Trade receivables                    | 16       | <b>15147.88</b>              |                 | 12560.13                     |          |
| (c) Cash and Cash Equivalents            | 17       | <b>330.55</b>                |                 | 5577.05                      |          |
| (d) Short-term loans and advances        | 18       | <b>2735.64</b>               |                 | 2040.06                      |          |
| (e) Other current assets                 | 19       | <b>0.54</b>                  |                 | 48.66                        |          |
|  |          |                              | <b>32966.40</b> |                              | 34001.57 |
| <b>Total</b>                             |          |                              | <b>59728.08</b> |                              | 62982.44 |

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

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

**A. C. Khanna**  
Partner

Mumbai: 29th May, 2013

**H. S. Zaveri**  
Managing Director & President

**S. C. Rangani**  
Executive Director & Company Secretary

**Jyotsna Sharma**  
Chief Financial Officer

**K. S. Pant**      **K. M. Elavia**

**A. N. Desai**      **D. S. Sahney**

**Tashwinder Singh**

Directors

**CONSOLIDATED FINANCIAL STATEMENTS**
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

| Particulars   | Note No. | For the year ended 31.03.2013 |                  | For the year ended 31.03.2012 |           |
|---|----------|-------------------------------|------------------|-------------------------------|-----------|
|   |          | Rs. Lacs                      | Rs. Lacs         | Rs. Lacs                      | Rs. Lacs  |
| I. Revenue from operations (gross)  |          | <b>64604.81</b>               |                  | 60793.56                      |           |
| Less: Excise duty   |          | <b>5441.45</b>                |                  | 4796.12                       |           |
| Revenue from operations (net)   | 20       |                               | <b>59163.36</b>  |                               | 55997.44  |
| II. Other Income  | 21       |                               | <b>888.57</b>    |                               | 153.72    |
| III. <b>TOTAL REVENUE (I + II)</b>  |          |                               | <b>60051.93</b>  |                               | 56151.16  |
| IV. <b>EXPENDITURE</b>  |          |                               |                  |                               |           |
| Cost of material consumed   | 22       |                               | <b>22763.17</b>  |                               | 20453.90  |
| Purchase of Stock-in-Trade  |          |                               | <b>44.61</b>     |                               | 121.79    |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 23       |                               | <b>(1638.13)</b> |                               | (1637.59) |
| Employee benefit expense  | 24       |                               | <b>10199.45</b>  |                               | 9495.01   |
| Finance costs   | 25       |                               | <b>1861.66</b>   |                               | 1265.34   |
| Depreciation and amortization expense   | 11       |                               | <b>3208.33</b>   |                               | 2926.84   |
| Other expenses  | 26       |                               | <b>17789.05</b>  |                               | 16184.93  |
| <b>Total Expenses</b>   |          |                               | <b>54228.14</b>  |                               | 48810.22  |
| V. <b>PROFIT BEFORE TAX (III - IV)</b>  |          |                               | <b>5823.79</b>   |                               | 7340.94   |
| VI. Tax expense:  |          |                               |                  |                               |           |
| - Current tax   |          | <b>1333.54</b>                |                  | 2257.74                       |           |
| - Less: MAT credit  |          | -                             |                  | (52.43)                       |           |
| - In respect of earlier years   |          | <b>(245.60)</b>               |                  | 13.88                         |           |
| Net current tax expense   |          | <b>1087.94</b>                |                  | 2219.19                       |           |
| - Deferred tax (income)/expense   |          | <b>(68.91)</b>                |                  | 30.35                         |           |
|   |          |                               | <b>1019.03</b>   |                               | 2249.54   |
| VII. <b>PROFIT AFTER TAX (V - VI)</b>   |          |                               | <b>4804.76</b>   |                               | 5091.40   |
| Parent company's share  |          |                               | <b>4718.32</b>   |                               | 4990.05   |
| Minority  |          |                               | <b>86.44</b>     |                               | 101.35    |
| <b>Earnings per share (of Rs. 2 each)</b><br><b>(Refer note 35)</b>           |          |                               |                  |                               |           |
| Basic, as well as diluted (In Rs.)  |          |                               | <b>4.87</b>      |                               | 5.15      |
| 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: 29th May, 2013

**H. S. Zaveri**  
Managing Director & President

**S. C. Rangani**  
Executive Director & Company Secretary

**Jyotsna Sharma**  
Chief Financial Officer

For and on behalf of the Board of Directors

**K. S. Pant**      **K. M. Elavia**
**A. N. Desai**      **D. S. Sahney**
**Tashwinder Singh**

Directors

**CONSOLIDATED FINANCIAL STATEMENTS**
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

|   | Rs.lacs          | Year ended<br>31.03.2013<br>Rs.lacs | Rs.lacs   | Year ended<br>31.03.2012<br>Rs.lacs |
|---|------------------|-------------------------------------|-----------|-------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                                  |                  |                                     |           |                                     |
| <b>NET PROFIT BEFORE TAX</b>  |                  | <b>5823.79</b>                      |           | 7340.94                             |
| Adjustments for:  |                  |                                     |           |                                     |
| Depreciation/amortisation   | <b>3208.33</b>   |                                     | 2926.84   |                                     |
| Foreign exchange gain unrealised  | <b>(203.51)</b>  |                                     | (374.93)  |                                     |
| Finance cost (net)  | <b>1861.66</b>   |                                     | 1265.34   |                                     |
| Dividend income   | <b>(3.92)</b>    |                                     | (6.83)    |                                     |
| (Profit)/loss on sale of fixed assets   | <b>(47.30)</b>   |                                     | (0.01)    |                                     |
| Bad debts   | <b>7.17</b>      |                                     | -         |                                     |
| Provision for doubtful debts (written back) / charge                            | <b>(229.08)</b>  |                                     | 117.96    |                                     |
| Provision for diminution in value of investments                                | <b>1.00</b>      |                                     | -         |                                     |
| Loss on account of transfer of subsidiary adjusted in reserves                  | <b>(3.30)</b>    |                                     | -         |                                     |
| Loss on account of transfer of joint venture adjusted in reserves               | <b>(52.23)</b>   |                                     | -         |                                     |
| Provision for compensated absences  | <b>80.54</b>     |                                     | 183.76    |                                     |
| Provision for gratuity  | <b>(153.46)</b>  |                                     | 364.75    |                                     |
| Foreign currency translation  | <b>(146.68)</b>  |                                     | (77.09)   |                                     |
|   |                  | <b>4319.22</b>                      |           | 4399.79                             |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS</b>    |                  | <b>10143.01</b>                     |           | 11740.73                            |
| Changes in working capital:   |                  |                                     |           |                                     |
| Adjustment for (increase)/ decrease in operating assets                         |                  |                                     |           |                                     |
| - Trade receivables   | <b>(2503.02)</b> |                                     | (2095.72) |                                     |
| - Short-term loans and advances   | <b>(1212.29)</b> |                                     | (188.46)  |                                     |
| - Long-term loans and advances  | <b>35.52</b>     |                                     | 2.33      |                                     |
| - Other non-current assets  | <b>1.94</b>      |                                     | (1.94)    |                                     |
| - Inventories   | <b>(2384.49)</b> |                                     | (2537.93) |                                     |
| Adjustment in increase/ (decrease) in operating liabilities                     |                  |                                     |           |                                     |
| - Trade payables  | <b>890.36</b>    |                                     | 435.11    |                                     |
| - Other current liabilities   | <b>(46.68)</b>   |                                     | 341.72    |                                     |
|   |                  | <b>(5218.66)</b>                    |           | (4044.89)                           |
| <b>NET CASH GENERATED FROM OPERATIONS</b>                                       |                  | <b>4924.35</b>                      |           | 7695.84                             |
| Direct taxes paid (net of refund)   |                  | <b>(1483.73)</b>                    |           | (2238.85)                           |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                       |                  | <b>3440.62</b>                      |           | 5456.99                             |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                                  |                  |                                     |           |                                     |
| Purchase of fixed assets (including adjustments on account of capital advances) |                  | <b>(9441.91)</b>                    |           | (11338.97)                          |
| Sale of fixed assets  |                  | <b>79.45</b>                        |           | 0.04                                |
| Dividend income   |                  | <b>3.92</b>                         |           | 6.83                                |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                                    |                  | <b>(9358.54)</b>                    |           | (11332.10)                          |

**CONSOLIDATED FINANCIAL STATEMENTS**
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)**

|  | Year ended<br>31.03.2013<br>Rs.lacs | Year ended<br>31.03.2012<br>Rs.lacs |
|--|-------------------------------------|-------------------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>   |                                     |                                     |
| Proceeds from long term borrowings   | 336.51                              | 12538.17                            |
| Proceeds from short term borrowings  | 56981.42                            | 25588.15                            |
| Repayment of long term borrowings  | (1197.06)                           | (645.62)                            |
| Repayment of short term borrowings   | (51393.68)                          | (23300.00)                          |
| Proceeds from inter corporate deposit  | 1000.00                             | -                                   |
| Repayment of inter corporate deposit   | (1000.00)                           | -                                   |
| Increase / (Decrease) in cash credit   | 3258.46                             | (211.68)                            |
| Finance cost paid (net)  | (1805.57)                           | (1178.19)                           |
| Dividend paid  | (1938.45)                           | (1938.45)                           |
| Tax on dividend  | (305.43)                            | (316.34)                            |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>  | <b>3936.20</b>                      | <b>10536.04</b>                     |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>                          | <b>(1981.72)</b>                    | <b>4660.93</b>                      |
| Cash and cash equivalents as at the beginning of the year                                    | 5561.29                             | 900.29                              |
| Effects of exchange differences on restatement of foreign currency cash and cash equivalents | -                                   | 0.07                                |
| Transfer on demerger   | (3266.21)                           | -                                   |
| <b>Cash and cash equivalents as at the end of the year (Refer note 17)</b>                   | <b>313.36</b>                       | <b>5561.29</b>                      |

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**A. C. Khanna**  
Partner

Mumbai: 29th May, 2013

For and on behalf of the Board of Directors

**H. S. Zaveri**  
Managing Director & President

**S. C. Rangani**  
Executive Director & Company Secretary

**Jyotsna Sharma**  
Chief Financial Officer

**K. S. Pant**      **K. M. Elavia**

**A. N. Desai**      **D. S. Sahney**

**Tashwinder Singh**

Directors

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013****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(13) 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, 2013 (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. Other Income**

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

**10. 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.



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)****2. Compensated absences**

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

**11. Voluntary Retirement Compensation**

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

**12. 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.

**13. 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.

**14. Operating Lease**

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

**15. Taxation**

Taxation expenses comprise current tax 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.

**16. Contingent Liabilities**

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

**17. 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 Group are segregated based on the available information.

**18. Operating Cycle**

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**NOTE 2 : Share Capital**

|  | As at<br>31.03.2013<br>Rs. Lacs | As at<br>31.03.2012<br>Rs. Lacs |
|--|---------------------------------|---------------------------------|
| Authorised:                                |                                 |                                 |
| 100,000,000 (as at 31.03.2012 100,000,000) |                                 |                                 |
| Equity shares of Rs.2 each                 | <b>2000.00</b>                  | 2000.00                         |
| Issued, subscribed and fully paid up:      |                                 |                                 |
| 96,922,600 (as at 31.03.2012 96,922,600)   |                                 |                                 |
| Equity shares of Rs. 2 each fully paid up  | <b>1938.45</b>                  | 1938.45                         |
| Per consolidated balance sheet             | <b>1938.45</b>                  | 1938.45                         |

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

|   | As at 31.03.2013    |                | As at 31.03.2012    |          |
|---|---------------------|----------------|---------------------|----------|
|   | Number of<br>shares | Rs. Lacs       | Number of<br>shares | Rs. Lacs |
| Shares outstanding at the beginning of the year             | <b>96922600</b>     | <b>1938.45</b> | 96922600            | 1938.45  |
| Less: Shares cancelled consequent to merger (Refer note 39) | -                   | -              | 37755640            | 755.11   |
| Add: Shares issued consequent to merger (Refer note 39)     | -                   | -              | 37755640            | 755.11   |
| Shares outstanding at the end of the year                   | <b>96922600</b>     | <b>1938.45</b> | 96922600            | 1938.45  |

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

|   | As at 31.03.2013    |                 | As at 31.03.2012    |                 |
|---|---------------------|-----------------|---------------------|-----------------|
| Particulars   | Number of<br>shares | % of<br>holding | Number of<br>shares | % of<br>holding |
| Equity Shares:  |                     |                 |                     |                 |
| Trilochan Singh Sahney  | <b>11716406</b>     | <b>12.09</b>    | 11716406            | 12.09           |
| Trilochan Singh Sahney Trust 1 (held by a trustee in his individual name) | <b>37755640</b>     | <b>38.95</b>    | 37755640            | 38.95           |
| Acacia Partners, LP   | -                   | -               | 4873980             | 5.03            |
| ICICI Prudential Life Insurance Company Limited                           | <b>5418714</b>      | <b>5.59</b>     | 5624714             | 5.80            |

**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<br>shares<br>as at<br>31.03.2013 | Number of<br>shares<br>as at<br>31.03. 2012 |
|--|--|---|
| Fully paid up by way of bonus shares   | <b>48461300</b>                            | 48461300                                    |
| Fully paid up shares allotted, consequent to merger, without payments being received in cash | <b>37755640</b>                            | 37755640                                    |
|  | <b>86216940</b>                            | 86216940                                    |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**(iv) Rights attached to equity shares:**

- a) Right to receive dividend as may be approved by the Board / Annual General Meeting.
- b) 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.
- c) 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.

**NOTE 3 - Reserves and surplus**

|  |                 | As at<br>31.03.2013 |          | As at<br>31.03.2012 |
|--|-----------------|---------------------|----------|---------------------|
|  | Rs. Lacs        | Rs. Lacs            | Rs. Lacs | Rs. Lacs            |
| <b>Capital reserve</b>   |                 | <b>40.03</b>        |          | 25.00               |
| <b>Securities premium account:</b>   |                 |                     |          |                     |
| Opening balance  | <b>847.61</b>   |                     | 245.72   |                     |
| Add: On account of merger (Refer Note 39)                                      | -               |                     | 601.89   |                     |
| Closing balance  |                 | <b>847.61</b>       |          | 847.61              |
| <b>Capital redemption reserve:</b>   |                 |                     |          |                     |
| Opening balance  | <b>411.10</b>   |                     | 200.00   |                     |
| Add: Transferred from surplus in the consolidated statement of profit and loss | <b>200.00</b>   |                     | 200.00   |                     |
| Add: On account of merger (Refer note 39)                                      | -               |                     | 11.10    |                     |
|  |                 | <b>611.10</b>       |          | 411.10              |
| <b>Debenture redemption reserve</b>  |                 |                     |          |                     |
| Opening balance  | <b>333.33</b>   |                     | 333.33   |                     |
| Add: Transfer from Surplus in the statement of Profit & Loss                   | <b>166.67</b>   |                     | -        |                     |
| Closing balance  |                 | <b>500.00</b>       |          | 333.33              |
| <b>General reserve:</b>  |                 |                     |          |                     |
| Opening balance  | <b>13863.21</b> |                     | 13986.36 |                     |
| Less: On account of merger (Refer Note 39)                                     | -               |                     | 612.99   |                     |
| Less: On account of demerger (Refer note 38 and 40)                            | <b>6240.31</b>  |                     | -        |                     |
| Add: Transferred from surplus in consolidated statement of profit and loss     | <b>470.36</b>   |                     | 489.84   |                     |
| Closing balance  |                 | <b>8093.26</b>      |          | 13863.21            |
| <b>Foreign currency translation reserve:</b>                                   |                 |                     |          |                     |
| Opening balance  | <b>(1.02)</b>   |                     | 76.07    |                     |
| Less: For the year   | <b>146.68</b>   |                     | 77.09    |                     |
| Closing balance  |                 | <b>(147.70)</b>     |          | (1.02)              |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**NOTE 3 - Reserves and surplus (Contd.)**

|   | Rs. Lacs       | As at<br>31.03.2013<br>Rs. Lacs | Rs. Lacs | As at<br>31.03.2012<br>Rs. Lacs |
|---|----------------|---------------------------------|----------|---------------------------------|
| <b>Surplus in the Consolidated Statement of Profit and Loss:</b>        |                |                                 |          |                                 |
| Opening balance   | <b>5957.51</b> |                                 | 3901.18  |                                 |
| Add: Profit for the year  | <b>4718.32</b> |                                 | 4990.05  |                                 |
| Less: Appropriations  |                |                                 |          |                                 |
| Proposed dividend<br>(Rs. 1.70 (year ended 31.03.2012 Rs. 2) per share) | <b>1647.68</b> |                                 | 1938.45  |                                 |
| Tax on dividend   | <b>269.82</b>  |                                 | 305.43   |                                 |
| Transfer to general reserve   | <b>470.36</b>  |                                 | 489.84   |                                 |
| Transfer to capital redemption reserve                                  | <b>200.00</b>  |                                 | 200.00   |                                 |
| Transfer to debenture redemption reserve                                | <b>166.67</b>  |                                 | -        |                                 |
| Closing balance   |                | <b>7921.30</b>                  |          | 5957.51                         |
| Per consolidated balance sheet  |                | <b>17865.60</b>                 |          | 21436.74                        |

**NOTE 4 - Long term borrowings**

|   | Rs. Lacs       | As at<br>31.03.2013<br>Rs. Lacs | Rs. Lacs | As at<br>31.03.2012<br>Rs. Lacs |
|---|----------------|---------------------------------|----------|---------------------------------|
| <b>a) Non-convertible debentures</b>                |                |                                 |          |                                 |
| Secured (Refer footnote i and ii (c) below)         | <b>2000.00</b> |                                 | 2000.00  |                                 |
| <b>b) Term loans in foreign currency from banks</b> |                |                                 |          |                                 |
| Secured (Refer footnote ii (a) below)               | <b>5247.64</b> |                                 | 12433.96 |                                 |
| <b>c) Term loans from banks</b>                     |                |                                 |          |                                 |
| Secured (Refer footnote ii (b) below)               | <b>556.17</b>  |                                 | 937.42   |                                 |
| <b>d) Deferred payment liabilities</b>              |                |                                 |          |                                 |
| Unsecured: Interest free Sales tax loan             | <b>1789.19</b> |                                 | 1568.01  |                                 |
| Per consolidated balance sheet                      |                | <b>9593.00</b>                  |          | 16939.39                        |

**Footnotes :**

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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**

## ii) Details of repayment of Loans

| Particulars   | Security   | As at<br>31.03.2013<br>Rs. Lacs | As at<br>31.03.2012<br>Rs. Lacs |
|---|--|---------------------------------|---------------------------------|
| <b>a. Term loans in foreign currency from banks</b> |  |                                 |                                 |
| External commercial borrowings                      | Secured by hypothecation of/ charge on specified plant and machinery of the company.   | <b>131.71</b>                   | 801.05                          |
| External commercial borrowings                      | Secured by hypothecation of/ charge on specified plant and machinery of the company.   | <b>2782.27</b>                  | 2606.55                         |
| External commercial borrowings                      | Secured by hypothecation of/ charge on specified plant and machinery of the company.   | <b>2987.05</b>                  | 2798.40                         |
| External commercial borrowings (refer note 38)      | Secured by hypothecation of all movable properties at Shendra and exclusive first charge over immovable fixed assets at Shendra. | <b>0.00</b>                     | 6868.80                         |
|   | Total  | <b>5901.03</b>                  | 13074.80                        |
|   | Comprises of:  | <b>5247.64</b>                  | 12433.96                        |
|   | Long term borrowings   |                                 |                                 |
|   | Current maturities of long term borrowings   | <b>653.39</b>                   | 640.84                          |
| <b>b. Term loans from banks</b>                     |  |                                 |                                 |
| Long - term loan                                    | Secured by hypothecation of/charge on specified plant and machinery.   | <b>139.03</b>                   | 354.75                          |
| Long - term loan                                    | Secured by hypothecation of/charge on specified plant and machinery.   | <b>868.65</b>                   | 1109.55                         |
| Long - term loan                                    | Secured against assets purchased out of the borrowings.  | <b>4.36</b>                     | -                               |
|   | Total  | <b>1012.04</b>                  | 1464.30                         |
|   | Comprises of:  |                                 |                                 |
|   | Long term borrowings   | <b>556.17</b>                   | 937.42                          |
|   | Current maturities of long term borrowings   | <b>455.87</b>                   | 526.88                          |
| <b>c. Non-convertible debentures</b>                | Secured by first pari passu charge on specified plant and machinery of the company.  | <b>2000.00</b>                  | 2000.00                         |
| <b>d. Interest free Sales tax loan</b>              |  |                                 |                                 |
| Sales tax deferral scheme                           | -  | <b>1900.16</b>                  | 1649.55                         |
|   | Comprises of:  |                                 |                                 |
|   | Long term borrowings   | <b>1789.19</b>                  | 1568.01                         |
|   | Current maturities of long term borrowings   | <b>110.97</b>                   | 81.54                           |

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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**NOTE 5 - Deferred tax**

| <b>Nature of timing difference</b> | <b>Deferred tax asset/ (liability) as at 31.03.2012</b> | <b>Transfer on demerger *</b> | <b>Credit/(charge) for the year</b> | <b>Deferred tax asset/ (liability) as at 31.03.2013</b> |
|------------------------------------|---|-------------------------------|-------------------------------------|---|
| <b>a) Deferred tax liability</b>   |   |                               |                                     |   |
| Depreciation                       | (1712.07)   | <b>139.43</b>                 | <b>27.42</b>                        | <b>(1545.22)</b>  |
| Sub - total                        | (1712.07)   | <b>139.43</b>                 | <b>27.42</b>                        | <b>(1545.22)</b>  |
| <b>b) Deferred tax asset</b>       |   |                               |                                     |   |
| Provision for doubtful debts       | 219.31  | <b>(11.28)</b>                | <b>(74.33)</b>                      | <b>133.70</b>   |
| Voluntary retirement compensation  | 116.58  | -                             | <b>(34.24)</b>                      | <b>82.34</b>  |
| Provision for compensated absences | 183.03  | <b>(22.02)</b>                | <b>26.14</b>                        | <b>187.15</b>   |
| Provision for Gratuity             | 2.74  | -                             | <b>117.48</b>                       | <b>120.22</b>   |
| Demerger expenses                  | -   | -                             | <b>6.44</b>                         | <b>6.44</b>   |
| Others                             | (0.01)  | -                             | -                                   | <b>(0.01)</b>   |
| Sub - total                        | 521.65  | <b>(33.30)</b>                | <b>41.49</b>                        | <b>529.84</b>   |
| Per consolidated balance sheet     | (1190.42)   | <b>106.13</b>                 | <b>68.91</b>                        | <b>(1015.38)</b>  |

\* refer Note 38

**NOTE 6 - Long term provisions**

|                                   | <b>As at<br/>31.03.2013<br/>Rs. Lacs</b> | <b>As at<br/>31.03.2012<br/>Rs. Lacs</b> |
|-----------------------------------|--|--|
| Provisions for employee benefits: |  |  |
| Compensated absences              | <b>441.82</b>                            | 356.13                                   |
| Gratuity                          | -  | 0.09                                     |
| Per consolidated balance sheet    | <b>441.82</b>                            | 356.22                                   |

**NOTE 7 - Short term borrowings**

|   |                 |         |
|---|-----------------|---------|
| <b>a) Loans repayable on demand</b>   |                 |         |
| Cash credit from banks (Refer footnote 1 below)   |                 |         |
| Secured   | <b>3521.45</b>  | 262.99  |
| <b>b) Other Loans from banks:</b>   |                 |         |
| Secured (Refer footnote 2 below)  | <b>3000.00</b>  | -       |
| Unsecured   | <b>2564.00</b>  | 3387.48 |
| <b>c) Other Loans in foreign currency from banks:</b>                                   |                 |         |
| Secured (Refer footnote 3 below)  | <b>3162.37</b>  | 1415.54 |
| Unsecured   | <b>2172.40</b>  | -       |
| <b>d) Other Loans:</b>  |                 |         |
| Unsecured: Commercial papers  | <b>2000.00</b>  | 2500.00 |
| (Maximum balance outstanding during the year<br>Rs. 7500 lacs; 31.3.2012 Rs. 2500 lacs) |                 |         |
| Per consolidated balance sheet  | <b>16420.22</b> | 7566.01 |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**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 all current assets.

|                                | <b>As at<br/>31.03.2013<br/>Rs. Lacs</b> | As at<br>31.03.2012<br>Rs. Lacs |
|--------------------------------|--|---------------------------------|
| <b>NOTE 8 - Trade payables</b> |  |                                 |
| Trade payables                 | <b>6866.28</b>                           | 6583.39                         |
| Per consolidated balance sheet | <b>6866.28</b>                           | 6583.39                         |

**NOTE 9 - Other current liabilities**

Current maturities of long-term debt  
(Refer footnote i below)

|  |                |         |
|--|----------------|---------|
| - Term loans in foreign currency from banks            | <b>653.39</b>  | 640.84  |
| - Interest free Sales tax loan                         | <b>110.97</b>  | 81.54   |
| - Term loans from banks                                | <b>455.87</b>  | 526.88  |
| Security deposit                                       | <b>634.06</b>  | 596.56  |
| Interest accrued but not due on borrowings             | <b>132.20</b>  | 201.66  |
| Unpaid dividends (unclaimed) (refer footnote ii below) | <b>17.19</b>   | 15.76   |
| Other Payables   |                |         |
| - Fixed assets   | <b>31.24</b>   | 714.26  |
| - Statutory dues                                       | <b>723.44</b>  | 750.70  |
| - Advances received                                    | <b>232.62</b>  | 291.54  |
| - Gratuity   | <b>368.16</b>  | 515.47  |
| - Gratuity in respect of Executive Chairman            | <b>1.00</b>    | 1.00    |
| Per consolidated balance sheet                         | <b>3360.14</b> | 4336.21 |

**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                 | <b>134.99</b>  | 208.00  |
| Gratuity                             | <b>2.38</b>    | 8.44    |
|                                      | <b>137.37</b>  | 216.44  |
| b) Provision - Others:               |                |         |
| Taxation less payments there against | <b>1.20</b>    | 90.61   |
| Proposed dividend                    | <b>1647.68</b> | 1938.45 |
| Tax on dividend                      | <b>269.82</b>  | 305.43  |
|                                      | <b>1918.70</b> | 2334.49 |
| Per consolidated balance sheet       | <b>2056.07</b> | 2550.93 |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)

## NOTE 11 - Fixed Assets

| Description                            | GROSS BLOCK - AT COST                |           |   |                      |                 | DEPRECIATION / AMORTISATION             |   |                    |   |                  |                       | NET BLOCK                               |                   |                   |
|--|--------------------------------------|-----------|---|----------------------|-----------------|---|---|--------------------|---|------------------|-----------------------|---|-------------------|-------------------|
|  | Opening Balance<br>As at<br>01.04.12 | Additions | Foreign<br>currency<br>translation<br>reserve | Trf on<br>demerger * | Deduc-<br>tions | Closing<br>Balance<br>As at<br>31.03.13 | Opening<br>Balance<br>As at<br>01.04.12 | For<br>the<br>year | Foreign<br>currency<br>translation<br>reserve | On<br>demerger * | On<br>Deduc-<br>tions | Closing<br>Balance<br>As at<br>31.03.13 | As at<br>31.03.13 | As at<br>31.03.12 |
|  | Rs. lacs                             | Rs. lacs  | Rs. lacs                                      | Rs. lacs             | Rs. lacs        | Rs. lacs                                | Rs. lacs                                | Rs. lacs           | Rs. lacs                                      | Rs. lacs         | Rs. lacs              | Rs. lacs                                | Rs. lacs          | Rs. lacs          |
| <b>A. Tangible Assets</b>              |                                      |           |   |                      |                 |   |   |                    |   |                  |                       |   |                   |                   |
| Freehold land                          | 233.22                               | -         | 21.29   |                      | -               | 254.51                                  | -                                       | -                  | -   | -                | -                     | -                                       | 254.51            | 233.22            |
| Leasehold land                         | 925.59                               | -         | 1.01  | 748.16               | -               | 178.44                                  | 16.21                                   | 6.58               | 0.57  | 6.11             | -                     | 17.25                                   | 161.19            | 909.38            |
| Buildings and flats                    | 4786.92                              | 14.90     | 70.67   | 35.66                | 24.17           | 4812.66                                 | 1452.17                                 | 135.78             | 13.44   | 10.86            | 13.00                 | 1577.53                                 | 3235.13           | 3334.75           |
| Plant and equipment<br>(Refer note 30) | 40288.73                             | 2938.27   | 181.54  | 2501.24              | 501.02          | 40406.28                                | 22989.60                                | 2787.07            | 26.78   | 1779.70          | 485.94                | 23537.81                                | 16868.47          | 17299.13          |
| Furniture and fixtures                 | 816.09                               | 95.84     | 23.91   | 0.26                 | 0.60            | 934.98                                  | 437.52                                  | 66.57              | 7.87  | 0.08             | 0.55                  | 511.33                                  | 423.65            | 378.57            |
| Office equipments                      | 998.69                               | 34.58     | 1.38  | 14.80                | 0.04            | 1019.81                                 | 771.67                                  | 49.59              | 1.00  | 2.01             | 0.04                  | 820.21                                  | 199.60            | 227.02            |
| Electrical installations               | 1024.86                              | 2.62      | 15.30   | -                    | -               | 1042.78                                 | 588.44                                  | 49.10              | 4.32  | -                | -                     | 641.86                                  | 400.92            | 436.42            |
| Vehicles                               | 501.26                               | 32.54     | -   | 7.11                 | 38.85           | 487.84                                  | 291.75                                  | 37.59              | -   | 0.23             | 33.00                 | 296.11                                  | 191.73            | 209.51            |
| <b>Sub Total (A)</b>                   | 49575.36                             | 3118.75   | 315.10  | 3307.23              | 564.68          | 49137.30                                | 26547.36                                | 3132.28            | 53.98   | 1798.99          | 532.53                | 27402.10                                | 21735.20          | 23028.00          |
| <b>B. Intangible Assets</b>            |                                      |           |   |                      |                 |   |   |                    |   |                  |                       |   |                   |                   |
| Computer Software                      | 382.73                               | 85.11     | 1.81  | -                    | -               | 469.65                                  | 312.90                                  | 76.05              | 1.21  | -                | -                     | 390.16                                  | 79.49             | 69.83             |
| <b>Sub Total (B)</b>                   | 382.73                               | 85.11     | 1.81  | -                    | -               | 469.65                                  | 312.90                                  | 76.05              | 1.21  | -                | -                     | 390.16                                  | 79.49             | 69.83             |
| <b>Total (A) + (B)</b>                 | 49958.09                             | 3203.86   | 316.91  | 3307.23              | 564.68          | 49606.95                                | 26860.26                                | 3208.33            | 55.19   | 1798.99          | 532.53                | 27792.26                                | 21814.69          |                   |
| Previous year                          | 42308.77                             | 7423.87   | 225.63  | -                    | 0.18            | 49958.09                                | 23900.54                                | 2926.84            | 33.03   | -                | 0.15                  | 26860.26                                |                   | 23097.83          |
| Capital work-in-progress               |                                      |           |   |                      |                 |   |   |                    |   |                  |                       |   |                   |                   |
| Per consolidated balance sheet         |                                      |           |   |                      |                 |   |   |                    |   |                  |                       |   | 1932.92           | 2039.44           |
|  |                                      |           |   |                      |                 |   |   |                    |   |                  |                       |   | 23747.61          | 25137.27          |

## Footnotes:

1. Buildings and flats include:

- Shares in respect of residential premises of a cost of Rs. 489.02 lacs (as at 31.03.2012 Rs. 489.02 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. 750 (as at 31.03.2012 Rs. 1000) in various co-operative housing societies.
- Borrowing cost capitalised during the year Rs. 184.32 lacs (year ended 31.03.2012 Rs. 56.50 lacs).

\* Refer note 38



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**NOTE 11 - Fixed Assets (previous year)**

| 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 |
|                                     | Rs. lacs                       | Rs. lacs  | Rs. lacs                             | Rs. lacs   | Rs. lacs                       | Rs. lacs                       | Rs. lacs     | Rs. lacs                             | Rs. lacs      | Rs. lacs                       | Rs. lacs       |
| <b>A. Tangible Assets</b>           |                                |           |                                      |            |                                |                                |              |                                      |               |                                |                |
| Freehold land                       | 214.82                         | -         | 18.40                                | -          | 233.22                         | -                              | -            | -                                    | -             | -                              | 233.22         |
| Leasehold land                      | 177.42                         | 748.17    | -                                    | -          | 925.59                         | 11.78                          | 4.43         | -                                    | -             | 16.21                          | 909.38         |
| Buildings and flats                 | 4640.42                        | 84.58     | 61.92                                | -          | 4786.92                        | 1295.61                        | 146.52       | 10.04                                | -             | 1452.17                        | 3334.75        |
| Plant and equipment (Refer note 30) | 33834.48                       | 6333.96   | 120.29                               | -          | 40288.73                       | 20440.39                       | 2534.55      | 14.66                                | -             | 22989.60                       | 17299.13       |
| 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         |
| Office equipments                   | 961.46                         | 36.18     | 1.05                                 | -          | 998.69                         | 732.00                         | 38.99        | 0.68                                 | -             | 771.67                         | 227.02         |
| Electrical installations            | 962.78                         | 51.96     | 10.12                                | -          | 1024.86                        | 540.44                         | 45.25        | 2.75                                 | -             | 588.44                         | 436.42         |
| Vehicles                            | 501.26                         | -         | -                                    | -          | 501.26                         | 253.84                         | 37.91        | -                                    | -             | 291.75                         | 209.51         |
| <b>Sub Total (A)</b>                | 41928.02                       | 7423.44   | 224.08                               | 0.18       | 49575.36                       | 23647.39                       | 2867.85      | 32.27                                | 0.15          | 26547.36                       | 23028.00       |
| <b>B. Intangible Assets</b>         |                                |           |                                      |            |                                |                                |              |                                      |               |                                |                |
| Computer Software                   | 380.75                         | 0.43      | 1.55                                 | -          | 382.73                         | 253.15                         | 58.99        | 0.76                                 | -             | 312.90                         | 69.83          |
| <b>Sub Total (B)</b>                | 380.75                         | 0.43      | 1.55                                 | -          | 382.73                         | 253.15                         | 58.99        | 0.76                                 | -             | 312.90                         | 69.83          |
| <b>Total (A) + (B)</b>              | 42308.77                       | 7423.87   | 225.63                               | 0.18       | 49958.09                       | 23900.54                       | 2926.84      | 33.03                                | 0.15          | 26860.26                       | 23097.83       |
| Capital work-in-progress            |                                |           |                                      |            |                                |                                |              |                                      |               |                                | 2039.44        |
| Per consolidated balance sheet      |                                |           |                                      |            |                                |                                |              |                                      |               |                                | 25137.27       |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**NOTE 12 - Non current investments**

|   | <b>Rs. Lacs</b> | <b>As at<br/>31.03.2013<br/>Rs. Lacs</b> | <b>Rs. Lacs</b> | <b>As at<br/>31.03.2012<br/>Rs. Lacs</b> |
|---|-----------------|--|-----------------|--|
| A. Trade (Quoted)   |                 |  |                 |  |
| Shares  |                 | <b>1.09</b>                              |                 | 1.09                                     |
| B. Non -Trade (Unquoted)  |                 |  |                 |  |
| Shares  | <b>1.00</b>     |  | 1.00            |  |
| Less: Provision for diminution in value   | <b>1.00</b>     |  | -               |  |
|   | <b>-</b>        |  | 1.00            |  |
| Mutual fund   | <b>5.00</b>     |  | 5.00            |  |
|   |                 | <b>5.00</b>                              |                 | 6.00                                     |
| Per consolidated balance sheet  |                 | <b>6.09</b>                              |                 | 7.09                                     |
| Aggregate amount of quoted investments<br>[market value Rs. 146.22 lacs<br>(as at 31.03.2012: Rs. 167.73 lacs)] |                 | <b>1.09</b>                              |                 | 1.09                                     |
| Aggregate amount of unquoted investments  |                 | <b>5.00</b>                              |                 | 6.00                                     |
|   |                 | <b>6.09</b>                              |                 | 7.09                                     |

**NOTE 13 - Long term loans and advances**

(Unsecured, considered good)

|   |                |         |
|---|----------------|---------|
| Capital Advances                                | <b>1555.34</b> | 2517.36 |
| Security deposits                               | <b>330.59</b>  | 397.62  |
| Loans and advances to employees                 | <b>40.87</b>   | 23.56   |
| Other loans and advances                        | -              | 25.94   |
| Income taxes paid less provisions there against | <b>1008.02</b> | 738.48  |
| MAT credit                                      | -              | 52.43   |
| Prepaid expenses                                | <b>25.41</b>   | 31.43   |
| Per consolidated balance sheet                  | <b>2960.23</b> | 3786.82 |

**NOTE 14 - Other non-current assets**

(Unsecured, considered good)

|                                     |   |      |
|-------------------------------------|---|------|
| Balance with Income Tax authorities | - | 1.94 |
| Per consolidated balance sheet      | - | 1.94 |

**NOTE 15 - Inventories**

(at lower of cost and net realisable value)

|   |                 |          |
|---|-----------------|----------|
| (a) Raw materials   | <b>3501.38</b>  | 3171.88  |
| Goods-in-transit  | <b>65.05</b>    | 16.06    |
|   | <b>3566.43</b>  | 3187.94  |
| (b) Work-in-progress  | <b>3733.28</b>  | 3877.20  |
| (c) Finished goods<br>(other than those acquired for trading) | <b>5694.65</b>  | 5042.53  |
| (d) Stock-in-trade (acquired for trading)                     | <b>3.29</b>     | 14.06    |
| (e) Stores and spares   | <b>1754.14</b>  | 1653.94  |
| Per consolidated balance sheet                                | <b>14751.79</b> | 13775.67 |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**NOTE 16 -Trade receivables**

|   |                | As at<br>31.03.2013 |          | As at<br>31.03.2012 |
|---|----------------|---------------------|----------|---------------------|
|   | Rs. Lacs       | Rs. Lacs            | Rs. Lacs | Rs. Lacs            |
| <b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment:</b> |                |                     |          |                     |
| Secured, considered good  | 2.38           |                     | 16.14    |                     |
| Unsecured, considered good  | 1629.61        |                     | 1081.66  |                     |
| Unsecured, considered doubtful  | 412.09         |                     | 675.96   |                     |
|   | <b>2044.08</b> |                     | 1773.76  |                     |
| Provision for doubtful debts  | 412.09         |                     | 675.96   |                     |
|   |                | <b>1631.99</b>      |          | 1097.80             |
| <b>Other trade receivables:</b>   |                |                     |          |                     |
| Secured, considered good  | 144.68         |                     | 134.07   |                     |
| Unsecured, considered good  | 13371.21       |                     | 11328.26 |                     |
|   |                | <b>13515.89</b>     |          | 11462.33            |
| Per consolidated balance sheet  |                | <b>15147.88</b>     |          | 12560.13            |

**NOTE 17 - Cash and cash equivalents**

|  |               |         |
|--|---------------|---------|
| Cash on hand   | 4.64          | 3.92    |
| Cheques on hand  | 7.26          | 10.26   |
| Balances with banks  |               |         |
| In current accounts  | 276.33        | 286.34  |
| In EEFC account  | -             | 10.94   |
| In deposit account   | 25.13         | 5249.83 |
| In earmarked accounts:   |               |         |
| Unpaid dividend accounts   | 17.19         | 15.76   |
| Per consolidated balance sheet   | <b>330.55</b> | 5577.05 |
| Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is | <b>313.36</b> | 5561.29 |

**NOTE 18 - Short term loans and advances**

|                                       |                |         |
|---------------------------------------|----------------|---------|
| (Unsecured, considered good)          |                |         |
| Loans and advances to employees       | 61.46          | 52.01   |
| Advance sales tax                     | 754.04         | 443.22  |
| Other loans and advances              | 1035.23        | 689.72  |
| Prepaid expenses                      | 128.24         | 175.79  |
| CENVAT/ Service tax credit receivable | 756.67         | 679.32  |
| Per consolidated balance sheet        | <b>2735.64</b> | 2040.06 |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**NOTE 19 - Other current assets**

|                                | As at<br>31.03.2013<br>Rs. Lacs | As at<br>31.03.2012<br>Rs. Lacs |
|--------------------------------|---------------------------------|---------------------------------|
| Interest receivable            | 0.54                            | 48.66                           |
| Per consolidated balance sheet | 0.54                            | 48.66                           |

**NOTE 20 - Revenue from operations**

|   | Rs. Lacs | For the<br>year ended<br>31.03.2013<br>Rs. Lacs | Rs. Lacs | For the<br>year ended<br>31.03.2012<br>Rs. Lacs |
|---|----------|---|----------|---|
| Sale of products                              |          | 63479.67  |          | 59906.49  |
| Other operating revenues:                     |          |   |          |   |
| Sale of scrap                                 | 796.76   |   | 687.62   |   |
| Duty drawback and export incentives           | 328.38   |   | 199.45   |   |
|   |          | 1125.14   |          | 887.07  |
|   |          | 64604.81  |          | 60793.56  |
| Less: Excise duty                             |          | 5441.45   |          | 4796.12   |
| Per consolidated statement of profit and loss |          | 59163.36  |          | 55997.44  |

**NOTE 21 - Other income**

|   |      |        |      |        |
|---|------|--------|------|--------|
| Agency Commission   |      | 92.19  |      | 119.25 |
| Dividend income   |      |        |      |        |
| From long term investments                                |      |        |      |        |
| - Trade   | 3.12 |        | 6.83 |        |
| - Others  | 0.80 |        | -    |        |
|   | 3.92 |        | 6.83 |        |
| From current investments                                  |      |        |      |        |
| - Others  | -    |        | -    |        |
|   |      | 3.92   |      | 6.83   |
| Net gain on foreign currency transactions and translation |      | 341.11 |      | -      |
| Profit on sale of fixed assets (net)                      |      | 47.30  |      | 0.01   |
| Provision for doubtful debts written back                 |      | 229.08 |      | -      |
| Rent  |      | 31.01  |      | 21.21  |
| Other non-operating income                                |      | 143.96 |      | 6.42   |
| Per consolidated statement of profit and loss             |      | 888.57 |      | 153.72 |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**NOTE 22 - Cost of materials consumed**

|  | Rs. Lacs | For the<br>year ended<br>31.03.2013<br>Rs. Lacs | Rs. Lacs | For the<br>year ended<br>31.03.2012<br>Rs. Lacs |
|--|----------|---|----------|---|
| Opening Stock  |          | 3187.94   |          | 2891.27   |
| Add: Purchases   |          | 23453.52  |          | 20750.57  |
| Less: Transfer of inventory on account of demerger (Refer Note 38) |          | 311.86  |          | -   |
|  |          | <u>26329.60</u>                                 |          | <u>23641.84</u>                                 |
| Less: Closing stock  |          | 3566.43   |          | 3187.94   |
| Per consolidated statement of profit and loss                      |          | <u>22763.17</u>                                 |          | <u>20453.90</u>                                 |

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

|  |  |                  |  |                  |
|--|--|------------------|--|------------------|
| Opening stocks:  |  |                  |  |                  |
| Work - in - progress   |  | 3877.20          |  | 3005.32          |
| Finished goods   |  | 5042.53          |  | 4277.59          |
| Stock-in-trade   |  | 14.06            |  | 13.29            |
|  |  | <u>8933.79</u>   |  | <u>7296.20</u>   |
| Closing stocks:  |  |                  |  |                  |
| Work - in - progress   |  | 3733.28          |  | 3877.20          |
| Finished goods   |  | 5694.65          |  | 5042.53          |
| Stock-in-trade   |  | 3.29             |  | 14.06            |
|  |  | <u>9431.22</u>   |  | <u>8933.79</u>   |
| Transfer of inventory on account of demerger (Refer Note 38)                 |  | <u>(1140.70)</u> |  | <u>-</u>         |
| Per consolidated statement of profit and loss -<br>Net (increase) / decrease |  | <u>(1638.13)</u> |  | <u>(1637.59)</u> |

**NOTE 24 - Employee benefit expense**

|   |  |                 |  |                |
|---|--|-----------------|--|----------------|
| Salaries, wages and bonus                     |  | 8361.29         |  | 7558.56        |
| Contribution to provident and other funds     |  | 869.11          |  | 1015.71        |
| Staff welfare                                 |  | 969.05          |  | 920.74         |
| Per consolidated statement of profit and loss |  | <u>10199.45</u> |  | <u>9495.01</u> |

**NOTE 25 - Finance costs**

|   |         |                |         |                |
|---|---------|----------------|---------|----------------|
| Interest                                      |         |                |         |                |
| On fixed loans                                | 843.31  |                | 1066.99 |                |
| On others                                     | 1111.47 |                | 341.71  |                |
|   |         | <u>1954.78</u> |         | <u>1408.70</u> |
| Other borrowing costs                         |         | 34.82          |         | 66.73          |
|   |         | <u>1989.60</u> |         | <u>1475.43</u> |
| Less: Interest income                         |         |                |         |                |
| From banks on deposits                        | 126.97  |                | 210.02  |                |
| On loans and advances                         | 0.97    |                | 0.07    |                |
|   |         | <u>127.94</u>  |         | <u>210.09</u>  |
| Per consolidated statement of profit and loss |         | <u>1861.66</u> |         | <u>1265.34</u> |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**NOTE 26 - Other expenses**

|  | For the<br>year ended<br>31.03.2013 | For the<br>year ended<br>31.03.2012 |
|--|-------------------------------------|-------------------------------------|
| Rs. Lacs   | Rs. Lacs                            | Rs. Lacs                            |
| Consumption of stores and spare parts                                | <b>5621.12</b>                      | 5080.39                             |
| Processing charges   | <b>1915.96</b>                      | 2675.58                             |
| Power and fuel   | <b>2871.66</b>                      | 2334.67                             |
| Repairs and maintenance  |                                     |                                     |
| Buildings  | <b>157.82</b>                       | 286.81                              |
| Plant and machinery  | <b>329.45</b>                       | 229.47                              |
| Others   | <b>113.64</b>                       | 91.56                               |
|  | <b>600.91</b>                       | 607.84                              |
| Insurance  | <b>72.41</b>                        | 65.46                               |
| Rent   | <b>35.45</b>                        | 24.89                               |
| Rates and taxes  | <b>132.12</b>                       | 49.14                               |
| Legal and professional fees  | <b>382.37</b>                       | 364.45                              |
| Directors' fees and commission                                       | <b>18.18</b>                        | 15.35                               |
| Commission on sales  | <b>473.86</b>                       | 348.20                              |
| Sales discount   | <b>123.29</b>                       | 128.45                              |
| Travelling and conveyance  | <b>767.54</b>                       | 605.45                              |
| Postage, telephone and fax   | <b>94.52</b>                        | 118.13                              |
| Bank charges   | <b>72.35</b>                        | 59.71                               |
| Advertisement and sales promotion expenses                           | <b>147.62</b>                       | 184.94                              |
| Forwarding charges   | <b>2843.56</b>                      | 1956.37                             |
| Bad debts written off  | <b>7.17</b>                         | -                                   |
| Provision for doubtful debts   | -                                   | 117.96                              |
| Lease rent (refer note 34)   | <b>72.10</b>                        | 49.06                               |
| IT expenses  | <b>203.40</b>                       | 209.71                              |
| Excise duty on Increase/ (decrease) in inventories of finished goods | <b>139.21</b>                       | 114.20                              |
| Net loss on foreign currency transactions and translation            | -                                   | 88.76                               |
| Auditors' remuneration (see footnote below)                          | <b>52.86</b>                        | 55.01                               |
| Miscellaneous expenses   | <b>1141.39</b>                      | 931.21                              |
| Per consolidated statement of profit and loss                        | <b>17789.05</b>                     | 16184.93                            |
| <b>Footnote - Details of Auditors' Remuneration:</b>                 |                                     |                                     |
| (excluding service tax)  |                                     |                                     |
| Audit fees   | <b>25.66</b>                        | 25.17                               |
| Other services   | <b>26.65</b>                        | 29.74                               |
| Reimbursement of expenses  | <b>0.55</b>                         | 0.10                                |
|  | <b>52.86</b>                        | 55.01                               |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)****NOTE 27**

- (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%) (till 30.9.2012), 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%) (till 30.9.2012), together referred to as 'the group'.

NRB IBC Bearings Private Limited, a subsidiary incorporated in India (extent of shareholding – 100%) (for one day only i.e. 30.9.2012), is not consolidated since the subsidiary was acquired and held exclusively with a view of its subsequent transfer in the near future.

- (b) The consolidated financial statements include, in respect of NRB Bearings (Thailand) Limited, total assets of Rs. 3611.80 lacs as at 31.03.2013 (as at 31.03.12: Rs. 3067.14 lacs) and total revenues of Rs. 1354.71 lacs (for the year ended 31.03.12: Rs. 857.03 lacs) and net cash outflows of Rs. 23.92 lacs (for the year ended 31.03.12: Rs. 209.67 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 28 - Contingent liabilities not provided for:**

|                     | <b>As at<br/>31.03.2013<br/>Rs. Lacs</b> | As at<br>31.03.2012<br>Rs. Lacs |
|---------------------|--|---------------------------------|
| (a) Income Tax      | <b>1259.13</b>                           | 1035.04                         |
| (b) Sales Tax       | <b>46.01</b>                             | 118.08                          |
| (c) Customs Duty    | <b>158.87</b>                            | 158.87                          |
| (d) Bank guarantees | <b>27.19</b>                             | 7.75                            |

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

- (e) The Indian subsidiary ('Company') had received an Order dated 6th September, 2004 from the Employees Provident Fund Organisation raising a demand of Rs. 161.36 lacs including interest of Rs. 46.73 lacs for default in making payment of Employees Provident Fund and allied dues for the period April, 1986 to February, 2003. The 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. 91.68 lacs and Rs. 55.30 lacs respectively as at 31st March, 2012 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 lacs 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.
- (f) Provident fund and other matters in respect of workers: Rs. Nil lacs (as at 31.03.2012 : Rs. 5.05 lacs).

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**NOTE - 29**

|  | <b>Year ended<br/>31.03.2013<br/>Rs. Lacs</b> | <b>Year ended<br/>31.03.2012<br/>Rs. Lacs</b> |
|--|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | <b>4370.80</b>                                | 11851.83                                      |

**NOTE 30 - The amount of exchange differences (net):**

|  |                 |        |
|--|-----------------|--------|
| (i) (credited) / debited to the consolidated statement of profit and loss is | <b>(341.11)</b> | 88.76  |
| (ii) added to / (deducted from) the carrying amount of fixed assets is       | <b>537.02</b>   | 387.81 |

**NOTE 31 - Expenditure on research and development:**

|  |               |        |
|--|---------------|--------|
| (a) charged to the consolidated statement of profit and loss | <b>593.78</b> | 500.46 |
| (b) capitalized to fixed assets                              | <b>100.74</b> | 16.15  |

**NOTE 32 - 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:

|                           | <b>Within India</b>           | <b>Outside India</b>         | <b>Total</b>                  |
|---------------------------|-------------------------------|------------------------------|-------------------------------|
| Revenue from operations   | <b>43555.00</b><br>(48089.81) | <b>15608.36</b><br>(7907.63) | <b>59163.36</b><br>(55997.44) |
| Total Assets              | <b>49039.21</b><br>(54175.64) | <b>10688.87</b><br>(8806.80) | <b>59728.08</b><br>(62982.44) |
| Additions to fixed assets | <b>3071.83</b><br>(6661.86)   | <b>132.03</b><br>(762.01)    | <b>3203.86</b><br>(7423.87)   |

**Footnote:**

Figures in brackets are in respect of the previous year.

**NOTE 33 - Related party disclosures:**
**i) Name of the related party and nature of relationship:**

| <b>Sr.no</b> | <b>Nature of relationship</b>   | <b>Names of related parties</b>   |
|--------------|---|---|
| (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<br>Mr. D. S. Sahney, Whole time Director (till 30.9.2012), Non - Executive Director (1.10.2012 to 31.3.2013)<br>Mr. S. C. Rangani, Executive Director & Company Secretary (w.e.f 31.10.2012) |
| (c)          | Director in a subsidiary company  | Mr. S. C. Rangani<br>Mr. J. S. Maini<br>Ms. A. Gowarikar<br>Mr. V. S. Iyer  |



**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**

|     |  |                                 |
|-----|--|---------------------------------|
| (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) | A Company wherein Mr. T. S. Sahney, Executive Chairman, Ms. H. S. Zaveri, Managing Director and Mr. D. S. Sahney, Whole time Director (till 30.9.2012) are directors and shareholders having Management Control. | NRB Industrial Bearings Limited |

**ii) Transactions with related parties**

| <b>Name of the related parties</b> | <b>Nature of transaction</b>               | <b>Volume of transactions<br/>Rs. lacs</b> | <b>Receivable As<br/>at 31.03.2013<br/>Rs. lacs</b> | <b>Payable As<br/>at 31.03.2013<br/>Rs. lacs</b> |
|------------------------------------|--|--|---|--|
| NRB Industrial Bearings Limited    | Sale of finished goods                     | <b>215.92</b>                              | <b>796.12</b>                                       | -  |
|                                    | raw material etc                           | (-)  | (-)   | (-)  |
|                                    | Commission paid                            | <b>2.58</b>                                | -   | -  |
|                                    |  | (-)  | (-)   | (-)  |
|                                    | ICD taken                                  | <b>1000.00</b>                             | -   | -  |
|                                    |  | (-)  | (-)   | (-)  |
|                                    | ICD repaid                                 | <b>1000.00</b>                             | -   | -  |
|                                    |  | (-)  | (-)   | (-)  |
|                                    | Interest paid on ICD                       | <b>6.48</b>                                | -   | -  |
|                                    |  | (-)  | (-)   | (-)  |
| Mr. T. S. Sahney                   | Remuneration                               | <b>152.08</b>                              | -   | <b>54.00</b>                                     |
|                                    |  | (154.58)                                   | (-)   | (54.00)  |
|                                    | Reimbursement of<br>incorporation expenses | -  | -   | -  |
|                                    |  | (0.06)                                     | (-)   | (-)  |
| Ms. H. S. Zaveri                   | Remuneration and<br>Directors fees         | <b>162.36</b>                              | -   | <b>25.00</b>                                     |
|                                    |  | (132.23)                                   | (-)   | (24.00)  |
| Mr. D. S. Sahney                   | Remuneration                               | <b>49.01</b>                               | -   | <b>10.25</b>                                     |
|                                    |  | (86.82)                                    | (-)   | (18.00)  |
|                                    | Sale of vehicle                            | <b>3.82</b>                                | -   | -  |
|                                    |  | (-)  | (-)   | (-)  |
| Ms. A. Gowariker                   | Directors fees                             | <b>0.57</b>                                | -   | -  |
|                                    |  | (0.03)                                     | (-)   | (-)  |
| Mr. S. C. Rangani                  | Remuneration and<br>Directors fees         | <b>25.66</b>                               | -   | -  |
|                                    |  | (0.32)                                     | (-)   | (-)  |
| Mr. J. S. Maini                    | Directors fees                             | <b>0.55</b>                                | -   | -  |
|                                    |  | (0.20)                                     | (-)   | (-)  |
| Mr. V. S. Iyer                     | Directors fees                             | <b>0.85</b>                                | -   | -  |
|                                    |  | (0.45)                                     | (-)   | (-)  |
| Mr. A S Kohli                      | Remuneration                               | <b>25.51</b>                               | -   | -  |
|                                    |  | (22.67)                                    | (-)   | (-)  |
| New Indo Trading<br>Company        | Service charges paid                       | <b>5.52</b>                                | -   | <b>1.29</b>                                      |
|                                    |  | (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."

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**
**NOTE 34 - 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 31.3.2013 aggregated Rs. 72.10 lacs (for the year ended 31.03.2012: Rs. 49.06 lacs). The minimum lease payments to be made in future as at the year end are as follows:

| <b>Particulars</b>  | <b>For the<br/>Year ended<br/>31.03.2013</b> | <b>For the<br/>Year ended<br/>31.03.2012</b> |
|---|--|--|
| (i) For a period not later than one year                            | <b>50.30</b>                                 | 44.55  |
| (ii) For a period later than one year and not later than five years | <b>86.96</b>                                 | 98.57  |
| (iii) For a period later than five years                            | -  | -  |

**NOTE 35 - Value used in calculating Earnings Per Share**

|   |                 |          |
|---|-----------------|----------|
| (i) Profit after tax (Rs. in lacs)                | <b>4718.32</b>  | 4990.05  |
| (ii) Number of Equity Shares                      | <b>96922600</b> | 96922600 |
| (iii) Par value per share (Rs.)                   | <b>2</b>        | 2        |
| (iv) Earnings per share - Basic and diluted (Rs.) | <b>4.87</b>     | 5.15     |

**NOTE 36 - Financial and Derivative Instruments**

- i) Forward Exchange Contracts entered into by the company that are outstanding as at 31st March, 2013:

| <b>Currency</b> | <b>Amount in foreign<br/>currency</b> | <b>Buy/Sell</b>     | <b>Cross Currency</b> |
|-----------------|---------------------------------------|---------------------|-----------------------|
| USD             | <b>3,243,215</b><br>(200,000)         | <b>Buy</b><br>(Buy) | <b>INR</b><br>(INR)   |
| Euro            | <b>350,000</b><br>(-)                 | <b>Buy</b><br>(-)   | <b>USD</b><br>(-)     |
| Euro            | <b>325,000</b><br>(-)                 | <b>Buy</b><br>(-)   | <b>INR</b><br>(-)     |
| JPY             | <b>6,033,400</b><br>(-)               | <b>Sell</b><br>(-)  | <b>USD</b><br>(-)     |
| Euro            | <b>584,555</b><br>(-)                 | <b>Sell</b><br>(-)  | <b>USD</b><br>(-)     |
| USD             | <b>75,000</b><br>(-)                  | <b>Sell</b><br>(-)  | <b>INR</b><br>(-)     |
| USD             | -<br>(366,077)                        | -<br>(Sell)         | -<br>(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  | <b>2</b><br>(2)                    |
| Principal amount in US Dollars                                  | <b>60,628</b><br>(303,140)         |
| Equivalent rupees at year end rate in Rs. Lacs                  | <b>3.03</b><br>(154.24)            |
| Principal amount in yen<br>(cross currency swap in US Dollars ) | <b>25,827,724</b><br>(129,138,588) |
| Equivalent dollars at year end rate                             | <b>242,514</b><br>(1,319,562)      |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**

- iii) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts: 3 (as at 31.3.2012: 4)
- iv) Foreign currency exposures that have not been hedged by a derivative instrument or other wise outstanding as at 31.03.2013:

| <b>Purpose</b>  | <b>Currency</b> | <b>Amount</b>                     | <b>Equivalent<br/>Rs. Lacs<br/>as at year end</b> |
|---|-----------------|-----------------------------------|---|
| a) Amount receivable in foreign currency :<br>Export of goods | USD             | <b>8,216,722</b><br>(6,928,974)   | <b>4,461.66</b><br>(3518.53)                      |
|   | EURO            | <b>3,553,191</b><br>(2,909,652)   | <b>2471.89</b><br>(1976.14)                       |
|   | CHF             | <b>1,786</b><br>(1,480)           | <b>1.49</b><br>(0.85)                             |
| b) Amounts payable in foreign currency :<br>Import of goods   | JPY             | <b>17,033,636</b><br>(98,770,431) | <b>98.10</b><br>(650.89)                          |
|   | EURO            | <b>879,093</b><br>(1,005,151)     | <b>611.77</b><br>(645.35)                         |
|   | USD             | <b>321,188</b><br>(283,733)       | <b>174.44</b><br>(144.89)                         |
|   | CHF             | <b>3,785</b><br>(27,368)          | <b>2.16</b><br>(14.46)                            |
|   | GBP             | -<br>(1,452)                      | -<br>(1.03)                                       |
| Capital Imports   | JPY             | -<br>(100,943,939)                | -<br>(617.17)                                     |
|   | USD             | <b>8,635</b><br>(15,300)          | <b>4.69</b><br>(7.66)                             |
| Loans payable   | USD             | <b>20,627,646</b><br>(28,224,626) | <b>11232.77</b><br>(14360.69)                     |

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

**NOTE 37 - 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:

| <b>Particulars</b>                                   | <b>For the<br/>Year ended<br/>31.03.2013</b> | <b>Rs. lacs<br/>For the<br/>Year ended<br/>31.03.2012</b> |
|--|--|---|
| (i) Employer's Contribution to Provident Fund        | <b>249.33</b>                                | 242.13  |
| (ii) Employer's Contribution to Family Pension Fund  | <b>91.60</b>                                 | 97.08   |
| (iii) Employer's Contribution to Superannuation Fund | <b>125.55</b>                                | 116.80  |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (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   | 2012 - 13                     | 2011 - 12              |
|---------|---|-------------------------------|------------------------|
| (i)     | Components of employer expenses   |                               |                        |
| a)      | Current Service cost  | <b>88.09</b>                  | 76.56                  |
| b)      | Interest cost   | <b>157.70</b>                 | 120.16                 |
| c)      | Expected return on plan assets  | <b>(114.50)</b>               | (105.43)               |
| d)      | Actuarial Losses/ (Gains)   | <b>254.06</b>                 | 444.93                 |
| e)      | Past Service cost- Vested Benefit   | -                             | 1.27                   |
|         | <b>Total expenses recognised in the consolidated Statement of Profit and Loss</b> | <b>385.35</b>                 | 537.49                 |
| (ii)    | Actual Contribution and Benefit Payments for year                                 |                               |                        |
| a)      | Actual benefit payments   | <b>111.93</b>                 | 206.09                 |
| b)      | Actual Contributions  | <b>538.72</b>                 | 172.81                 |
| (iii)   | Change in Defined Benefit Obligations (DBO) during the year                       |                               |                        |
| a)      | Present Value of DBO at the beginning of the year                                 | <b>1855.27</b>                | 1456.14                |
| b)      | Current Service cost  | <b>88.09</b>                  | 76.56                  |
| c)      | Past Service cost- Vested Benefit   | -                             | 1.27                   |
| d)      | Interest cost   | <b>157.70</b>                 | 120.16                 |
| e)      | Actuarial Losses/ (Gains)   | <b>202.08</b>                 | 407.23                 |
| f)      | Benefits paid   | <b>(111.93)</b>               | (206.09)               |
|         | <b>Present Value of DBO at the end of the year</b>                                | <b>2191.21</b>                | 1855.27                |
| (iv)    | Change in Fair Value of Assets during the year                                    |                               |                        |
| a)      | Plan assets at beginning of the year  | <b>1331.35</b>                | 1296.89                |
| b)      | Expected return on plan assets  | <b>114.50</b>                 | 105.43                 |
| c)      | Actuarial (Losses)/ Gains   | <b>(51.97)</b>                | (37.70)                |
| d)      | Actual Company contributions  | <b>538.72</b>                 | 172.82                 |
| e)      | Fair Value of benefits paid   | <b>(111.94)</b>               | (206.09)               |
|         | <b>Fair value of plan assets at the end of year</b>                               | <b>1820.66</b>                | 1331.35                |
| (v)     | Contribution expected to be paid next year  | <b>310.13</b>                 | 208.65                 |
| (vi)    | Actuarial Assumptions   |                               |                        |
| a)      | Discount Rate   | <b>8.25% - 8.50%</b>          | 8.00% - 8.50%          |
| b)      | Expected rate of return on Plan assets  | <b>8.7% - 8.60%</b>           | 8.60%                  |
| c)      | Salary escalation   | <b>3% - 10%</b>               | 4% - 8%                |
| d)      | Mortality Table   | <b>LIC (1994-96) Ultimate</b> | LIC (1994-96) Ultimate |
| e)      | Attrition rate  | <b>10% - 1%</b>               | 10% - 2%               |
| (vii)   | The major categories of plan assets - Insurer Managed Funds                       | <b>100%</b>                   | 100%                   |

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**

Rs. lacs

|        | Particulars   | As at<br>31st March,<br>2013 | As at<br>31st March,<br>2012 | As at<br>31st March,<br>2011 | As at<br>31st March,<br>2010 | As at<br>31st March,<br>2009 |
|--------|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| (viii) | Net asset/(liability) recognised in balance sheet           |                              |                              |                              |                              |                              |
|        | a) Defined Benefit Obligation                               | <b>(2191.21)</b>             | (1855.27)                    | (1456.14)                    | (1316.05)                    | (974.76)                     |
|        | b) Fair Value of Plan assets                                | <b>1820.66</b>               | 1331.35                      | 1296.89                      | 1192.98                      | 966.64                       |
|        | c) <b>Net asset/(liability) recognised in balance sheet</b> | <b>(370.55)</b>              | (523.92)                     | (159.25)                     | (123.07)                     | (8.12)                       |
|        | d) Experience adjustment arising on :                       |                              |                              |                              |                              |                              |
|        | 1) Plan Liabilities [Losses/(Gains)]                        | <b>(67.91)</b>               | 117.57                       | (22.62)                      | 121.82                       | 103.03                       |
|        | 2) Plan Assets [(Losses)/Gains]                             | <b>(51.97)</b>               | (37.70)                      | (19.82)                      | 62.44                        | (99.57)                      |

**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) (i) Compensated Expenses recognized in the consolidated statement of profit and loss under employee benefit expense, is Rs. 153.75 lacs (for the year ended 31.03.2012: Rs. 264.09 lacs.)
- (ii) Actuarial Assumptions used

|    |  | As at 31.03.2013              | As at 31.03.2012       |
|----|--|-------------------------------|------------------------|
| a) | Discount Rate                          | <b>8.50%</b>                  | 8.50%                  |
| b) | Expected rate of return on Plan assets | <b>8.60%</b>                  | 8.60%                  |
| c) | Salary escalation                      | <b>5% - 8%</b>                | 5% - 8%                |
| d) | Mortality Table                        | <b>LIC (1994-96) Ultimate</b> | LIC (1994-96) Ultimate |
| e) | Attrition rate                         | <b>10% - 2%</b>               | 10% - 2%               |

**NOTE - 38**

The scheme of arrangement for the demerger of industrial bearings undertaking of the Company into NRB Industrial Bearings Limited (NIBL) was approved by the Hon'ble high court vide its order dated 24th August 2011 and on getting requisite approvals and completion of necessary formalities.

Consequent to the vesting of the industrial bearings undertaking of the Company in terms of the scheme, the financial statement of the Company for the year ended 31 March 2013 do not include the operations of the industrial bearings for the six months from 1 October 2012 to 31 March 2013 and therefore are strictly not comparable with the figures of the previous year ended 31 March 2012.

All the assets and liabilities relating to industrial bearings business of the Company on the appointed date have been transferred to NIBL on a going concern basis. The excess of assets over liabilities relating to industrial bearings business as on 1st October 2012 being the appointed and effective date, have been adjusted in terms of the scheme against the General reserve amounting to Rs. 6184.78 lacs.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH, 2013 (Contd.)**

Further as per the scheme, NIBL has allotted to the shareholders of the Company, fully paid up equity shares in the ratio of one share for every four shares held in NRB Bearings Limited as on record date 26th October, 2012.

**NOTE 39**

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 Nil (as at 31.3.2012: 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 assets taken over of TICPL, an investment Company comprise of investments in equity shares of NRB Bearings Limited of Rs. Nil (as at 31.3.2012: 6785.63 lacs), bank balance of Rs. Nil (as at 31.3.2012: Rs. 24.58 lacs) and liabilities of Rs. Nil (as at 31.3.2012: Rs. 24.58 lacs). The reserves of TICPL namely, general reserve of Rs. Nil (as at 31.3.2012: Rs. 6172.64 lacs), securities premium of Rs. Nil (as at 31.3.2012: Rs. 601.89 lacs) and capital redemption reserve of Rs. Nil (as at 31.3.2012: Rs. 11.10 lacs) have been accounted for at their respective book values. The value of investments of Rs. Nil (as at 31.3.2012: Rs. 6785.63 lacs) have been adjusted against general reserve resulting in net adjustment of Rs. Nil (as at 31.3.2012: Rs. 612.99 lacs).

**NOTE 40**

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. With effect from, 1st October, 2012 the joint venture is transferred to NRB Industrial Bearings Limited under the scheme of demerger (refer note 38) and the excess of assets over liabilities as on 30th September, 2012 of Rs. 55.53 lacs (including NRB Industrial Bearings Limited's loss on this account of Rs. 3.30 lacs) have been adjusted against the general reserves. The proportionate share in assets, liabilities, income & expenditure of the joint venture company as on 30th September, 2012 is given below :

| <b>Name of The Joint venture company</b>                      | <b>Percentage of holding</b> | <b>Assets</b>           | <b>Liabilities</b>         | <b>Income</b>           | <b>Expenditure</b>      |
|---|------------------------------|-------------------------|----------------------------|-------------------------|-------------------------|
| Schneeberger India Private Limited<br>(incorporated in India) | <b>45%</b><br>(45%)          | <b>52.56</b><br>(54.93) | <b># 0.34</b><br># (31.32) | <b>46.14</b><br>(67.20) | <b>14.74</b><br>(18.18) |

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, 2013 (Contd.)****NOTE 41**

Information relating to subsidiaries as on 31st March, 2013.

**Rs. In Lacs**

| <b>Sr. No.</b> | <b>Particulars</b>  | <b>SNL Bearings Limited</b> |            | <b>NRB Bearings (Thailand) Limited</b> |            | <b>NRB Industrial Bearings Limited</b> |            |
|----------------|---|-----------------------------|------------|--|------------|--|------------|
|                |   | <b>31.03.2013</b>           | 31.03.2012 | <b>31.03.2013</b>                      | 31.03.2012 | <b>30.9.2012</b>                       | 31.03.2012 |
| (a)            | Capital   | <b>761.15</b>               | 961.15     | <b>2039.40</b>                         | 825.00     | <b>5.00</b>                            | 5.00       |
| (b)            | Reserves  | <b>283.35</b>               | (42.22)    | <b>(1835.02)</b>                       | (1407.73)  | <b>(1.70)</b>                          | (1.43)     |
| (c)            | Total Assets  | <b>1788.46</b>              | 1375.15    | <b>3611.80</b>                         | 3067.14    | <b>6.59</b>                            | 3.96       |
| (d)            | Total Liabilities   | <b>1788.46</b>              | 1375.15    | <b>3611.80</b>                         | 3067.14    | <b>6.59</b>                            | 3.96       |
| (e)            | Details of investment (except investment in subsidiaries) | -                           | -          | -                                      | -          | -                                      | -          |
| (f)            | Turnover  | <b>2271.69</b>              | 2018.85    | <b>1354.71</b>                         | 854.66     | -                                      | -          |
| (g)            | Profit / (loss) before taxation                           | <b>611.05</b>               | 623.82     | <b>(242.18)</b>                        | (313.45)   | <b>(0.27)</b>                          | (1.43)     |
| (h)            | Provision for taxation                                    | <b>215.28</b>               | 177.31     | -                                      | -          | -                                      | -          |
| (i)            | Profit / (loss) after taxation                            | <b>395.77</b>               | 446.51     | <b>(242.18)</b>                        | (313.45)   | <b>(0.27)</b>                          | (1.43)     |
| (j)            | Proposed dividend   | -                           | -          | -                                      | -          | -                                      | -          |

Exchange rate at the end of year (Thailand Baht to Indian Rupee): 1.854 (for the year ended 31.03.2012 : 1.650)

**NOTE 42**

Previous year's figures have been regrouped / re-stated wherever necessary.

**Signature to Notes**

For and on behalf of the Board of Directors

**H. S. Zaveri**  
Managing Director & President**K. S. Pant**      **K. M. Elavia****S. C. Rangani**  
Executive Director & Company Secretary**A. N. Desai**      **D. S. Sahney****Tashwinder Singh**

Mumbai: 29th May, 2013

**Jyotsna Sharma**  
Chief Financial Officer

Directors





## FINANCIAL HIGHLIGHTS

Rs.in lacs

| Year Ended                       | 31.03.08        | 31.03.09        | 31.03.10        | 31.03.11        | 31.03.12        | 31.03.13        |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Sales (Net)</b>               |                 |                 |                 |                 |                 |                 |
| Domestic                         | 28607.69        | 24423.74        | 32015.49        | 42577.61        | 47016.12        | 41883.77        |
| Exports                          | 3534.68         | 4418.52         | 2645.03         | 4058.52         | 7054.55         | 14972.61        |
| <b>Sales Total</b>               | <b>32142.37</b> | <b>28842.26</b> | <b>34660.52</b> | <b>46636.13</b> | <b>54070.67</b> | <b>56856.38</b> |
| Operating Profit (EBITDA)        | 7523.81         | 3732.89         | 6436.33         | 10804.69        | 10797.13        | 10233.15        |
| Profit Before Tax                | 5183.62         | 916.06          | 3714.96         | 7964.6          | 6886.72         | 5504.54         |
| Tax (Net)                        | 1832.37         | 489.74          | 1274.07         | 2573.08         | 2058.05         | 800.97          |
| Profit After Tax                 | 3351.25         | 426.32          | 2440.89         | 5391.52         | 4828.67         | 4703.57         |
| Retained Earnings                | 1990.52         | -480.84         | 1310.69         | 3138.60         | 2584.79         | 2786.07         |
| Dividend                         | 1163.07         | 775.38          | 969.23          | 1938.45         | 1938.45         | 1647.68         |
| Tax on dividend                  | 197.66          | 131.78          | 160.97          | 314.47          | 305.43          | 269.82          |
| Earnings per share (FV Rs.2)     | 6.92            | 0.88            | 5.04            | 5.56            | 4.98            | 4.85            |
| Dividend %                       | 120             | 80              | 100             | 100             | 100             | 85              |
| Shareholders' Funds              | 18061.83        | 17450.33        | 18761.02        | 21899.62        | 24484.41        | 21085.70        |
| Funds Employed                   | 30047.35        | 31688.75        | 28314.41        | 27665.08        | 41996.59        | 31511.45        |
| Fixed Assets (Gross)             | 32196.62        | 34215.19        | 35378.08        | 39305.29        | 47758.83        | 46580.34        |
| Fixed Assets (Net)               | 16072.45        | 16151.55        | 15379.32        | 17025.86        | 22702.06        | 20855.92        |
| Fixed Asset Turnover (times)     | 2.00            | 1.79            | 2.25            | 2.74            | 2.38            | 2.73            |
| Net Current Assets               | 12193.45        | 13744.50        | 11142.39        | 7481.65         | 14378.55        | 5762.08         |
| Working Capital Turnover (times) | 2.64            | 2.10            | 3.11            | 6.23            | 3.76            | 9.87            |
| Shareholder Nos                  | 6305            | 6056            | 6235            | 9810            | 10008           | 10920           |
| Employee Nos                     | 1456            | 1545            | 1558            | 1575            | 1653            | 1574            |

Fixed Asset Turnover - Net sales/Net Fixed Assets at year end

Working capital Turnover - Net sales/Net current assets as at year end



# Manufacturing Facilities



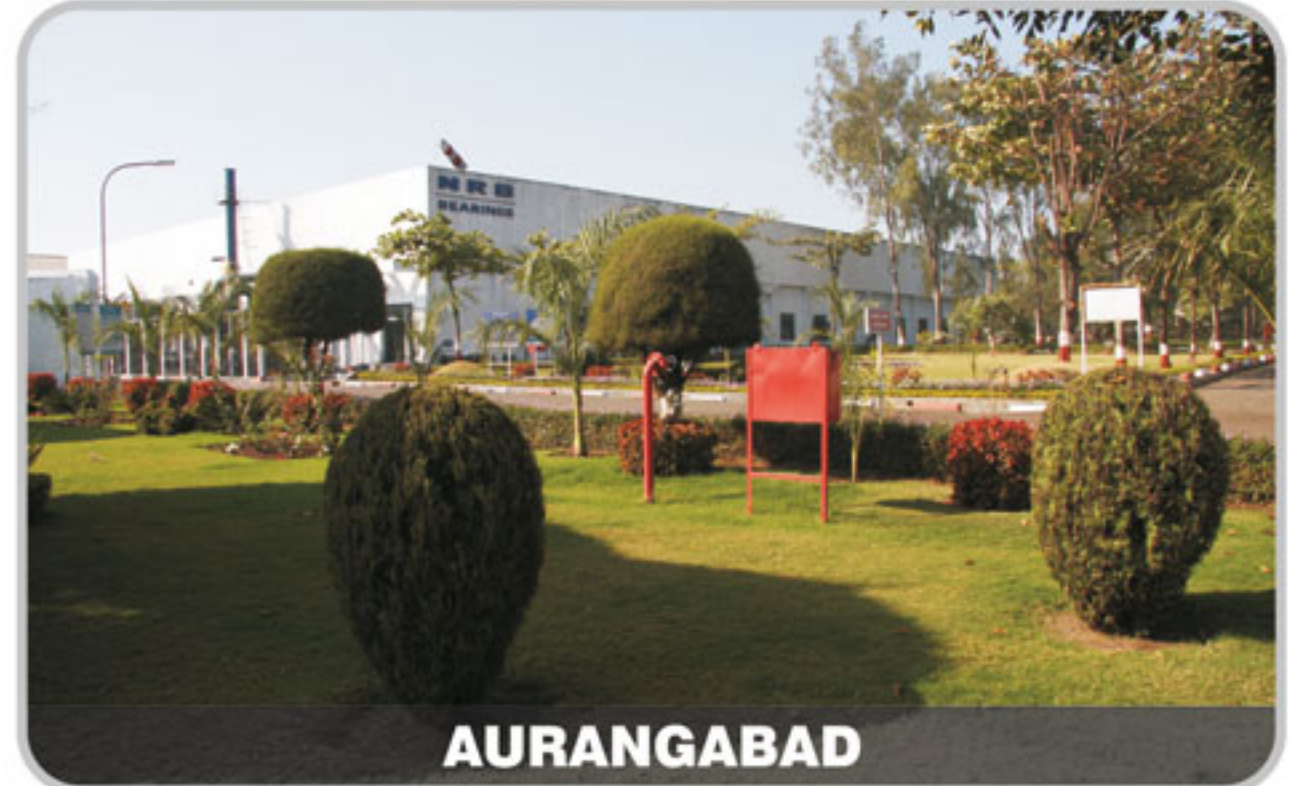
**THANE**



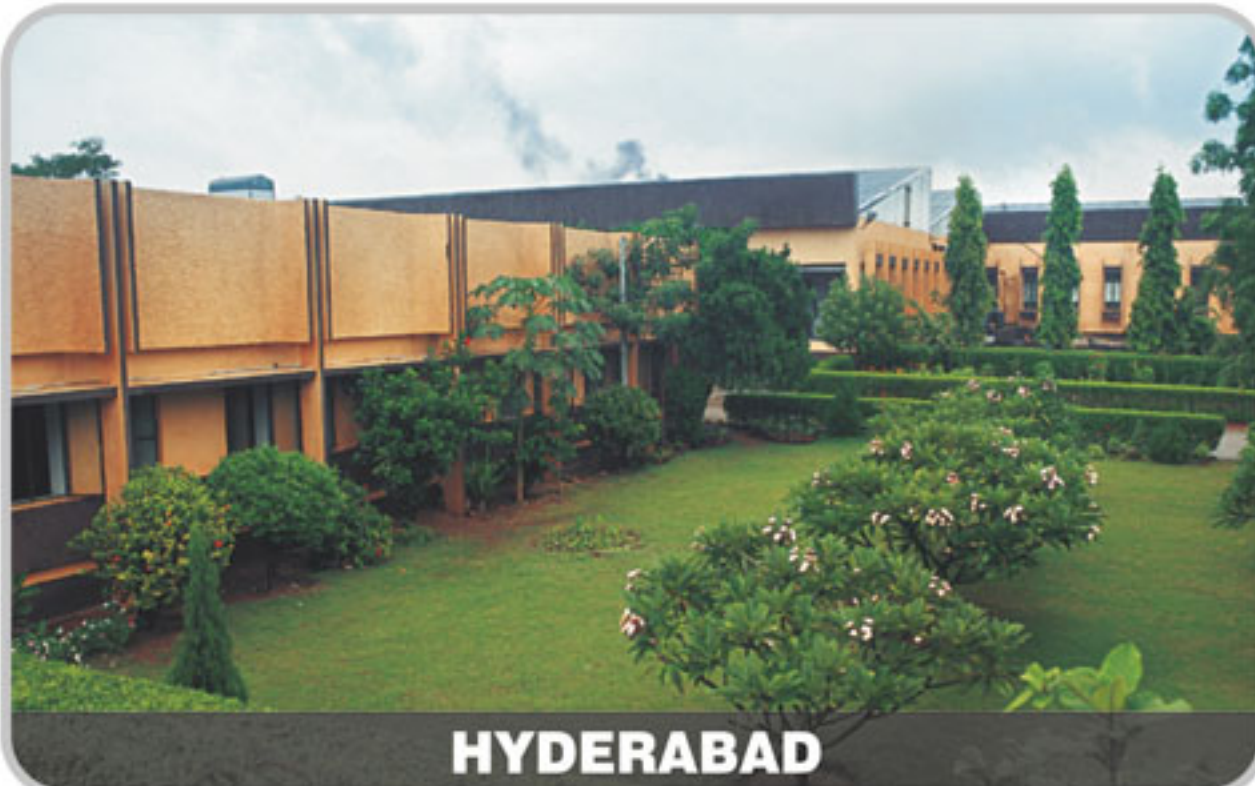
**WALUJ**



**JALNA**



**AURANGABAD**



**HYDERABAD**



**RANCHI**



**THAILAND**



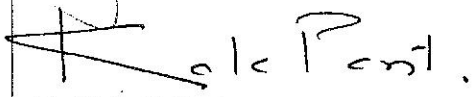



**PANTNAGAR**




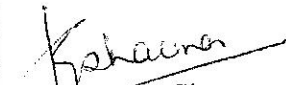
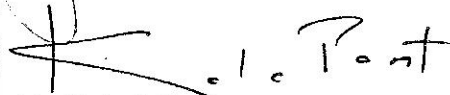

**FORM A**

**Format of covering letter of the annual audit report to be filed with the stock exchanges**

|    |   |                  |
|----|---|------------------|
| 1. | Name of the Company:  | NRB Bearings Ltd |
| 2. | Annual stand alone financial statements for the year ended  | 31 March 2013    |
| 3. | Type of Audit observation   | Unqualified      |
| 4. | Frequency of observation  | Not applicable   |
| 5. | <p><br/>Ms. Harshbeena S Zaveri<br/>Managing Director &amp; President</p> <p><br/>Ms. Jyostna Sharma<br/>Chief Financial Officer</p> <p><br/>Dr. Kala S Pant<br/>Audit Committee Chairman</p> <p>Refer our Audit Report dated May 29, 2013 on the Stand alone financial statements of the Company</p> <p>For DELOITTE HASKINS &amp; SELLS<br/>Chartered Accountants<br/>(Firm Registration No. 117365W)</p> <p><br/>A.C. Khanna<br/>Partner<br/>(Membership No. 17814)<br/>Auditor of the Company</p> |                  |

## FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

|    |  |                  |
|----|--|------------------|
| 1. | Name of the Company:   | NRB Bearings Ltd |
| 2. | Annual Consolidated financial statements for the year ended  | 31 March 2013    |
| 3. | Type of Audit observation  | Unqualified      |
| 4. | Frequency of observation   | Not applicable   |
| 5. | <p><br/>Ms. Harshbeena S Zaveri<br/>Managing Director &amp; President</p> <p><br/>Ms. Jyostna Sharma<br/>Chief Financial Officer</p> <p><br/>Dr. Kala S Pant<br/>Audit Committee Chairman</p> <p>Refer our Audit Report dated May 29, 2013 on the consolidated financial statements of the Company</p> <p>For DELOITTE HASKINS &amp; SELLS<br/>Chartered Accountants<br/>(Firm Registration No. 117365W)</p> <p><br/>A.C. Khanna<br/>Partner<br/>(Membership No. 17814)<br/>Auditor of the Company</p> |                  |