



CIN: L29130MH1965PLC013251

- Directors** : Trilochan Singh Sahney - Executive Chairman
Harshbeena S Zaveri - Managing Director & President
Devesh S Sahney
Dr.(Ms) Kala S Pant
Tashwinder Singh
Uday Khanna
Satish C Rangani - Executive Director & Company Secretary
- Bankers** : BNP Paribas
Citibank N.A.
DBS Bank
- Auditors** : Deloitte Haskins & Sells
- Solicitors** : Wadia Ghandy & Co.
- Registered Office** : Dhannur, 15 Sir. P M Road, Fort
Mumbai 400 001
- Works** : Pokhran Road No.2, Majiwade,
Thane - 400 606

E-40, M.I.D.C. Industrial Area, Chikalthana
Aurangabad 431 010

C-6, Additional M.I.D.C. Industrial Area
Jalna 431 203

E-72, (I) & (II) M.I.D.C., Waluj,
Aurangabad 431 133

A-5, Uppal Industrial Estate
Hyderabad 500 039

Plot No.33, Sector –II,
SIDCUL IIE Pantnagar
Udhamsingh Nagar, Uttarakhand 263153
- Registrar & Share Transfer Agent** : Universal Capital Securities Pvt.td.
(Formerly known as M/s.Mondkar Computers Pvt.Ltd.)
21, Shakil Niwas, Mahakali Caves Road
Andheri (East), Mumbai 400 093
Tel: 2836 66 20, 28207203-05
Fax:2836 97 04, 28207207

CONTENTS

| Particulars | Page No. |
|--|-----------------|
| Notice | 3 |
| Directors' Report | 8 |
| Annexure to Directors' Report..... | 13 |
| Annexure to Directors' Report Whistle Blower Policy | 15 |
| Management Discussion & Analysis | 18 |
| Corporate Governance | 23 |
| Auditors' Certificate on compliance of Corporate Governance..... | 31 |
| Shareholders' Information | 32 |
| Independent Auditors' Report (NRB) | 37 |
| Balance Sheet as at 31st March 2014 (NRB) | 42 |
| Statement of Profit & Loss Account for the year ended 31st March 2014 (NRB)..... | 43 |
| Cash Flow statement for the year ended 31st March 2014 (NRB) | 44 |
| Notes forming part of the financial statements | 46 |
| Independent Auditors' Report (Consolidated) | 73 |
| Balance Sheet as at 31st March 2014 (Consolidated) | 74 |
| Statement of Profit & Loss Account for the year ended 31st March 2014 (Consolidated)..... | 75 |
| Cash Flow statement for the year ended 31st March 2014 (Consolidated)..... | 76 |
| Notes forming part of the Consolidated financial statements..... | 78 |
| Financial Highlights..... | 100 |

AGM NOTICE

The Members,

NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting of the members of the Company will be held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Monday, 11th August, 2014 at 11.30 a.m to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Accounts, Balance Sheet, Cash Flow Statements and the reports of the Directors and Auditors for the year ended 31st March, 2014.
2. To declare a dividend for the year ended 31st March, 2014.
3. To appoint a Director in place of Mr. D S Sahney who retires by rotation and is eligible for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, the following resolution:

"RESOLVED THAT M/s.Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Registration no. ICAI 117365W) be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the Annual General Meeting to be held for the financial year ending 31st March, 2017, subject to ratification on year to year basis, on such remuneration plus out-of-pocket expenses, as may be mutually agreed upon between the Board of Directors and the Auditors."

SPECIAL BUSINESS

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

Appointment of Mr.Tashwinder Singh as an Independent Director

"RESOLVED THAT pursuant to the provisions of section 149, 152 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (appointment and qualifications of directors) Rules 2014 and Clause 49 of the Listing Agreement, Mr. Tashwinder Singh, DIN 06572282 who was appointed as a director liable to retire by rotation, be and is hereby appointed as Independent Director of the company, to hold office for five consecutive years for a term up to the conclusion of the 54th Annual General Meeting of the company in the calendar year 2019, on such remuneration by way of sitting fees, other permissible fees plus out-of-pocket expenses, as approved by the Board of Directors."

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

Appointment of Mr.Uday Khanna as an Independent Director

"RESOLVED THAT pursuant to the provisions of section 149, 152 read with schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (appointment and qualifications of directors) Rules 2014 and Clause 49 of the Listing Agreement, Mr.Uday Khanna, DIN 00079129 who was appointed as an additional director pursuant to the provisions of section 161(1) of the Companies Act, 2013 and the Articles of Association of the company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as Independent Director of the company, to hold office for five consecutive years for a term up to the conclusion of the 54th Annual General Meeting of the company in the calendar year 2019, on such remuneration by way of sitting fees, other permissible fees plus out-of-pocket expenses, as approved by the Board of Directors."

7. To consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution**.

Appointment of Mr. Satish Rangani as Whole-Time Director

"RESOLVED THAT in accordance with the provisions of sections 196, 197 and 203 read with schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (appointment and qualifications of directors) Rules 2014 approval of the company be and is hereby accorded to the re-appointment of Mr. Satish Rangani, who was appointed as an Additional Director by the Board of Directors of the Company on July 24, 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 161 of the Companies Act, 2013 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 Whole-Time Director, designated Executive Director & Company Secretary, of the company, on the terms and conditions including remuneration as set out in the statement annexed to the notice, with liberty to the Board of Directors, including the nomination and remuneration committee of the board, to alter and vary the terms and conditions of the remuneration as it may deem fit and as may be acceptable to Mr. Satish Rangani subject to the same not exceeding the limits specified under schedule V to the Companies Act, 2013."

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

Issue of Corporate Guarantee to the lenders of NRB Industrial Bearings Ltd (NIBL) and grant of inter company loans to NIBL.

"RESOLVED THAT in terms of provisions of clause 49 of the Listing Agreement with the Stock Exchanges (as amended from time to time including the amendment pursuant to amendment dated April 17, 2014), and applicable provisions of the Companies Act, 2013, the following material transactions with NRB Industrial Bearings Ltd, company wherein directors and shareholders are having management control, be and are hereby ratified and approved.

1. Corporate Guarantees not exceeding US\$15 million (equivalent to Rs.90 crores) to the lenders/bankers of NIBL as per the Scheme of Arrangement and amendment thereto approved by the High Court, Bombay.
2. Grant of inter company loans not exceeding Rs.20 crores in the aggregate to NIBL in terms of Inter company Agreement dated 31.10.2012 to enable NIBL make payment of relevant instalment of interest/principal amounts to prevent any default in the payment of loans guaranteed by the company."

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

Borrowing Powers in terms of section 180 (1) (c) of the Companies Act, 2013 .

"RESOLVED THAT in reconfirmation of resolution passed at the Annual General Meeting held on 3rd August, 2012, the consent of the Company be and is hereby accorded under the provisions of Section 180 (1) (c) of the Companies Act, 2013, to the Board of Directors of the company for borrowing from time to time all such sums of money not exceeding Rs.250,00,00,000 (Rupees Two Hundred Fifty Crores) as they may deem requisite for the purpose of the business of the company, notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not so set apart for any specific purpose."

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

Powers to mortgage/charge the properties of the company in terms of section 180 (1) (a) of the Companies Act, 2013

"RESOLVED THAT in partial modification of resolution passed at the annual General Meeting held on 28th August, 1997, pursuant to Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the company be and is hereby accorded to the mortgaging and/or charging by the Board of Directors of the company of all the immovable and movable properties of the company wheresoever situate, present and future and the whole of the undertaking of the company together with power to take over the management of the business and concern of the company in certain events or creating a floating charge or hypothecation of all tangible and movable properties and assets of the company, present and future for securing any loans obtained or as may be obtained from any financial institution, banks, finance companies or persons together with interest at the agreed rates, compound/further interest, commitment charges, charges, expenses and all other monies payable by the company to the abovementioned lending institutions in terms of the loan agreements to be entered into by the company in respect of the said loans."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to finalise with the abovementioned lending institutions the documents for creating the aforesaid mortgages and or charges and to do all such acts and things as may be necessary for giving effect to the above resolution."

By Order of the Board

S C Rangani
Secretary

May 22, 2014

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. **A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 AND HOLDING IN THE AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANYBANK. HOWEVER, A MEMBER HOLDING MORE THAN 10%, OF THE TOTAL SHARE CAPITAL OF THE CORPORATION CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER.**

3. The Register of Members of the Company and Transfer Books thereof will be closed from 4th August, 2014 to 11th August, 2014 (both days inclusive).

4. E-voting facility to all members has been provided through the e-voting platform of CDSL and the company has appointed Mr. Upendra Shukla, practicing Company Secretary, as Scrutinizer for the e-voting process. Instructions and manner of the process have been detailed in the enclosures forwarded to all members. The scrutinizer will make a report to the Chairman of the company, of the votes cast in favour and against and the results on the resolutions along with Scrutinizer's report will be available on the web-site of the company within 2 working days of the same being passed.

5. 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 3rd August, 2014.

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 3rd August, 2014.

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 3rd August, 2014.

6. 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 102 (1) OF THE COMPANIES ACT, 1956.**Item No:5****Appointment of Mr.Tashwinder Singh as an Independent Director**

Mr. Tashwinder Singh has been Non Executive Independent Director on the Board of the company since May 2013. An experienced banker with extensive exposure to commercial banking, private banking and business development the board has decided to appoint him for a further term of five years as Non Executive Independent Director in terms of provisions of section 152 of the Companies Act, 2013.

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.5 of the accompanying notice. Except Mr. Tashwinder Singh none of the other Directors, key management personnel and their relatives are interested or concerned with the resolution.

Copy of the appointment letter shall be available for inspection on all working days between 11.00 a.m. and 3.00 p.m.

Brief details of Mr.Tashwinder Singh are given below:

| | |
|----------------------|--|
| Age | 44 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 Private Equity 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 | - |

Item No: 6**Appointment of Mr.Uday Khanna as an Independent Director**

Mr. Uday Khanna has been Non Executive Independent Director on the Board of the company since April 2014. With extensive experience in a variety of financial, commercial and general management roles the board has decided to appoint him for a further term of five years as Non Executive Independent Director in terms of provisions of section 152 of the Companies Act, 2013.

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. Uday Khanna none of the other Directors, key management personnel and their relatives are interested or concerned with the resolution.

Copy of the appointment letter shall be available for inspection on all working days between 11.00 a.m. and 3.00 p.m.

Brief details of Mr. Uday Khanna are given below:

| | |
|---|---|
| Age | 64 years |
| Qualification | B.Com, FCA |
| Expertise/Experience | 40 years of work experience. Started his career with Hindustan Lever/Unilever in a variety of financial, commercial and general management roles both nationally and internationally. Joined Lafarge group in Paris on 1st June, 2003 and thereafter appointed as Managing Director & CEO of Lafarge India till July 2011 and now continues as Non-Executive Chairman. Has been the President of Indo French Chamber of Commerce and Industry in 2008-09 and the President of Bombay Chamber of Commerce and Industry in 2012-13. Recipient of "ordre National Du Merite" from the President of the Republic of France for his role in promoting Indo French trade relations. |
| Director Since | April 2014 |
| List of other Indian Public companies in which Directorship is held | Bata India Ltd Pfizer Ltd Castrol India Ltd Thomas Cook India Ltd Coromandel International Ltd Pidilite Industries Ltd |
| Chairman/Member of Committees in other public companies in which he is a Director | Bata India Ltd - Chairman |
| No.of shares held | - |

Item No: 7**Appointment of Mr. Satish Rangani as Additional Director**

The Board of Directors appointed Mr. S C Rangani as Additional Director, designated Executive Director & Company Secretary, by circular resolution on 25th July, 2013 effective that date. In terms of section 161 of the companies Act, 2013 and Article 114(A) of the Articles of Association of the Company, Mr. Rangani 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 160 of the Companies Act, 2013 along with the requisite deposit from a member proposing the candidature of Mr. Satish Rangani 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.7 of the accompanying notice. Except Mr. Satish Rangani none of the other Directors, key management personnel and their relatives are interested or concerned with the resolution.

Brief particulars of Mr.S C Rangani are given below.

| | |
|---|---|
| Age | 65 years |
| Qualification | B.Com, MMS, ACS |
| Expertise/Experience | Over 40 years of work experience. Started his career with Hawkins Cookers Ltd, as a Management trainee and thereafter has been member of the top management teams with responsibilities for financial, commercial, IT, secretarial and legal functions, including last 20 years with the company. Appointed Executive Director w.e.f.31.10.2012 |
| Director Since | October 2012 |
| 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-Stakeholders Relationship Committee |
| Nomination and Remuneration Committee | - |
| No.of shares held | 12500 |

Item No.8

Issue of Corporate Guarantee to the lenders of NRB Industrial Bearings Ltd (NIBL) and grant of inter company loans to NIBL.

The company demerged its Industrial Business Undertaking to NRB Industrial Bearings Ltd under Scheme of Arrangement approved by the High Court, Mumbai in August,2012 and subsequently modified in March 2014. Inter alia the Scheme provided that NRB Bearings Ltd shall issue corporate guarantees to secure the loans upto US\$ 15 million given by the lenders of NIBL. Further under an inter company arrangement the two companies NRB and NIBL shall co-operate and provide various services to each other including grant of loans upto Rs.20 crores by NRB to NIBL to enable NIBL make payment of relevant instalment of interest/principal amounts to prevent any default in the payment of loans guaranteed by the company."

Under the provisions of clause 49 of the Listing Agreement any material contracts between related parties extending beyond 31st March,2015 require to be approved by the shareholders. The corporate guarantees provided by NRB extend upto 30th September 2018. Accordingly approval of the company is being sought both for the corporate guarantee and the inter company loans that are being provided pursuant to the corporate guarantee.While under the Listing Agreement such an approval needs to be taken in the first AGM after 1st October,2014, the approval is also permitted to be taken earlier.

Item No.9

Borrowing Powers in terms of section 180(1)(c) of the Companies Act,2013

The shareholders have approved borrowing powers upto Rs.250 crores at the General meeting held in August, 2012. As a matter of abundant caution a reconfirmation of the borrowing powers within the aforesaid limit is being sought as now under the current law the requirement is that of a special resolution instead of an ordinary resolution. Further the Ministry of Corporate Affairs has also clarified a limited life in relation to past resolutions obtained and therefore there is need to obtain a fresh approval.

Item No.10

Powers to mortgage/charge the properties of the company in terms of section 180(1))(a) of the Companies Act,2013

The shareholders have approved mortgaging/charging of the properties of the company at the General meeting held in August, 1997. As a matter of abundant caution a reconfirmation of the aforesaid powers is being sought as now under the current law the requirement is that of a special resolution instead of an ordinary resolution. Further the Ministry of Corporate Affairs has also clarified a limited life in relation to past resolutions obtained and therefore there is need to obtain a fresh approval.

By Order of the Board

S C Rangani
Secretary

May 22, 2014

DIRECTORS' REPORT

To
The Members
NRB BEARINGS LIMITED
Mumbai

Your Directors have pleasure in presenting their Fortynineth Annual Report together with Audited Accounts for the year ended 31st March, 2014.

1. Financial Results

| | Year ended 31st March, 2014 Rs.lacs | Year ended 31st March, 2013 Rs.lacs |
|-------------------------------|--|--|
| Profit before providing for | | |
| Depreciation and taxation | 8798.27 | 8501.72 |
| Less: Depreciation | 3326.69 | 2997.18 |
| Provision for taxation | | |
| Current (net) | 1447.52 | 1151.60 |
| In respect of earlier years | 22.98 | (254.45) |
| Deferred tax | 109.70 | (96.18) |
| In respect of earlier years | 73.27 | - |
| Profit after taxation | 3818.11 | 4703.57 |
| Add : Balance brought forward | 9624.15 | 7475.11 |
| | 13442.26 | 12178.68 |
| Appropriation: | | |
| Dividend | 1066.15 | 1647.68 |
| Tax on distributed profits | 170.99 | 269.82 |
| General Reserve | 381.81 | 470.36 |
| Debenture Redemption Reserve | 500.00 | 166.67 |
| Profit & Loss Account | 11323.31 | 9624.15 |
| | 13442.26 | 12178.68 |

2. Appropriation

Dividend

Directors recommend dividend of Rs.1.10 per equity share of Rs.2/- (Rs.1.70 per share for previous year) payable to members/beneficial owners as per the Register of Members as applicable aggregating Rs.1066.15 lacs (Rs.1647.68 lacs for previous year)

3. Operations/Outlook

The business environment remained difficult with high interest rates, persistent inflation, contraction of industrial production and weak demand in the high value 4-wheeler segments of the automotive industry. Despite the constraints and the challenging environment, your company once again achieved its highest ever sales turnover of Rs.58219 lacs (previous year Rs. 56814.56 lacs) a growth of 2.50% and also achieved its highest ever exports of Rs.13585 lacs (previous year Rs.12250 lacs). Profit after tax is lower at Rs.3818.11 lacs (previous year Rs.4704 lacs) down by 18.8% on account of higher input costs, finance and depreciation costs and higher taxes with scaling down of benefits from the Pantnagar plant operations.

The overall weak sentiment in the manufacturing sector constrained economic expansion with continuing high interest rates, steep fall in the value of the rupee leading to cost push and adding to the inflationary trends and the lack of traction in structural reforms being the major contributors. The overall volatility in the environment has had a negative influence on consumer sentiment and demand. Barring the two wheeler and tractor segments, the automotive sector, one of the largest consumers of the company's products, saw de-growth in the high value commercial vehicle and passenger car segments. Given this sluggish environment in the manufacturing sector, the company aggressively pushed sales in the aftermarket and for exports and successfully increased sales by an average of 12% in these segments.

The expectations are that the new government at the Centre will accelerate economic activity by restarting stalled infrastructure projects, work on containing inflation with a resultant easing of interest rates, re-initiate reforms and thus favourably impact the overall sentiment in the manufacturing sector. Domestic consumption remains a key growth engine for the Indian economy and with significant additions to the working age population, rising disposable incomes particularly in rural areas and the government revived spending on infrastructure and in the social sector to foster inclusive growth, will help India realize its long term development potential in a sustainable way. The consumption story still remains strong for India over a medium and longer term, and your company is committed towards investing in this future by building its R&D capabilities, focusing on product lines which will improve profit margins, eliminating waste from operations – all with a clear and dedicated customer focus..

4. Public Deposits

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

5. Directors

Mr. D S Sahney retires by rotation pursuant to Article 111 of the Articles of Association and being eligible, offers himself for reappointment.

Mr. Keki Elavia has resigned from the Board effective 28th March'2014 as part of rationalization of his directorships, consequent upon the notification of the Companies Act'2013 and the SEBI regulations for directorships in listed companies.

Mr. Anand Desai has resigned from the Board effective 22nd May, 2014 citing time constraints.

Dr. (Ms) Kala Pant's term expires at the close of the forth coming AGM. She is not seeking re-election on grounds of advancing age.

The Board wishes to place on record its appreciation of their commitment and active participation in the board proceedings during their tenures and the valuable guidance , support and advice extended by them.

Mr. Uday Khanna has recently joined the Board as an independent non-executive Additional Director. As per section 149(6) read with Schedule IV of the Companies Act'2013, and subject to the consent of shareholders, all Independent Directors - Mr Tashwinder Singh & Mr. Khanna are being appointed as Independent Directors, for a term of 5 years with effect from 1st April, 2014. Their appointments have been included in the Notice.

Mr. Satish Rangani was appointed Additional Director, designated Executive Director & Company Secretary in July'2013 in terms of Article 114(A), to hold office upto the ensuing AGM. 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, 2014 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 Profit after Tax (PAT) of Rs.336.04 lacs (previous year Rs.423.04 lacs). The company's net sales have remained flat in a slowing market, but with increased charges towards depreciation, finance and tax, PAT has shown a decline. Based on the growth plans in the coming years, the company has undertaken investments to enhance capacities and looks forward utilizing growth opportunities in all segments, including the after market and exports, to further improve its performance during the current year.

NRB Bearings (Thailand) Ltd, a wholly owned subsidiary, has increased its sales by 14% to THB 87 million

(Rs.16.08 crores). The share of manufacturing revenues out of total revenues has been 31% at THB 27 million (Rs.5 crores) and trading revenues are 69% at THB 60 million (Rs 11 crores). The loss for the year has been higher at THB 29 million (Rs.5.3 crores) with increased operational costs, which could not be recovered in a slowing market. New business is being finalized with global European and Japanese customers and manufacture of new products as well as enhanced production of needle rollers, planned during FY 2014-15 and FY 2015-16 will help in improving the financial results during the coming years.

7. Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act the aforesaid information is not being included in the Annual Report. Any member interested in obtaining such particulars may write to the Company Secretary.

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 establish and maintain safe working environment that promotes good health and high performance of the employees, and simultaneously takes measures to protect the environment. We also ensure that safety behavior is well demonstrated by our employees while working on the shop floor by using personal protective equipments as required.

Company has been accredited with internationally acclaimed certification viz. ISO14001:2004 to identify and control environmental impact and constantly improve the environmental performance; OHSAS: 18001:1999 occupational health and safety management systems; and ISO/TS: 16949:2002 for Quality Management Systems.

The commitment towards the environment preservation extends beyond regulatory compliances. Initiatives are taken across the company to conserve natural resources, reduction & recycling of wastes; and adherence to emission norms.

There have been numerous initiatives by NRB towards safety and environment awareness among employees:

1. Awareness on environment preservation and protection through regular monitoring of environment parameters and employees engagement activities like tree plantation and drawing competitions.
2. "Safety first and always first" is the highest priority of 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 as an on-going process.
Special initiatives have been taken up such as mock drills, up-gradation of Fire protection systems, reporting of near-miss incidents and first aid awareness. We strive to achieve "Zero-Accident Tolerance".
3. Setting up of Solar Lights in our factory premises to save electricity and protect usage of electricity generated from natural resources.
4. Significant reductions have been achieved across all locations in minimizing the requirement of electricity, usage of petrochemicals, grease, turpentine, etc.
5. Water conservation through re-use of waste water and rain water harvesting at plants
6. Vermiculture for making Vermicompost as nutrient-rich organic fertilizer and soil conditioner
7. Strict policy for non-consumption of tobacco and intoxicating materials to protect the mental and physical health of employees. Regular awareness programs like "Vyasana Mukti" & "Yoga Classes" conducted to educate employees to get rid of evils of intoxication and stressful work life; and embrace good health and work-life balance.

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 partnering with regional bodies like ITI’s to contribute in skills enhancement 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.

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 “BAHA” in 2012-13 & 2013-14 as one of 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.
- 4 NRB believes in “Go Green” policy. NRB takes initiatives in planting trees and plants in and around the NRB factories.

In line with the activities specified in schedule VII relating to the provisions of sections 135 of the Companies Act, 2013 NRB has decided to focus on :

Promotion of education

Promoting gender equality and empowering woman

Employment enhancing vocational skills

In terms of the above the company has been contributing for primary education, secondary education (study of sciences, maths and engineering) and to engineering colleges for studies in mathematics and engineering.

Company has recently tied up with a Pune based NGO – Gyan Prakash Foundation (GPF). GPF is a registered non-profit organization with a focus on quality education for children in rural India. NRB is supporting GPF efforts towards making a notable impact in the rural education landscape through their BRIDGE programme which is an intervention that bridges the gaps in readiness of children entering school- from Anganwadis or directly without any pre-school experience- to create positive impact on learning outcomes and dropout rates.

The company has committed contributions to the Ashoka University which is devoted to transforming indian higher education based on the principles of multidisciplinary education delivered by exceptional faculty members and ivy-league quality education at an affordable price. The liberal education will help develop intellect, nurture critical thinking and provides specialisation with a broader foundation of knowledge. It will provide an attractive proposition to students who want an ivy league/oxbridge level education without leaving India at an estimated cost of 1/5th that of a top-ranked university in the west.

Ashoka has been founded by business leaders, entrepreneurs and academicians from some of the world’s leading institutions. It has collaborations with Universities of Pennsylvania, Michigan, Carleton College and Sciences Po and plans to bring on Yale, Oxford & Kings College as well. It has an ethical and independent governance model to build it into a world class educational institution.

12. Corporate Governance

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

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

The relevant certification on the various matters specified under paragraph V of clause 49 has been done by the Managing Director and the VP: CFO of the Company.

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. The same 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.

13. **Directors' Responsibility Statement**

In accordance with Section 134 of the Companies Act, 2013, 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, 2014 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.
- v. the internal financial controls to be followed by the company have been laid down and are adequate and were operating effectively.
- vi. proper systems have been devised to ensure compliance with the provisions of all applicable laws and all such systems were adequate and operating effectively.

14. **Auditors**

M/s Deloitte Haskins & Sells, Chartered Accountants retire at the ensuing Annual General Meeting and offer themselves for re-appointment. In terms of Clause 41(1)(h) of the Listing Agreement, the statutory auditors are subjected to the Peer Review process of the ICAI and hold a valid certificate issued by the Peer review Board of ICAI.

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. The cost audit report for the year ended 31.3.2013 was reviewed by the audit committee at their meeting held on 19th September, 2013 and has been filed in xbrl format on 26.9.2013. The cost audit for the year ended 31st March, 2014 is in progress and the cost audit report will be filed within the stipulated time. M/s. Nanabhoy & Co, Cost Accountants have been reappointed as the Cost Auditors for the year ending 31st March, 2015

15. **Group as defined in the MRTTP Act, 1969**

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

16. **Acknowledgement**

The Directors wish to convey their appreciation for the tremendous support of our workforce- both unionized and management and the confidence and loyalty shown by our customers. The Directors also wish to thank the shareholders, suppliers, bankers and all other business associates for the continuous support given by them to the company and their confidence in its management.

On behalf of the Board

H S Zaveri

Managing Director & President

Mumbai : May 22, 2014

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, 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, replacing 150 W head lamps by efficient T5 lights and replaced belt drive spindles with energy efficient spindles. Total savings Rs.11.04 lacs p.a.
- At Waluj, installed energy efficient pumps for cooling tower, introduced timers for certain machines, water cool condensers converted to air cool condensers for certain machines, installed tube light 24 W fittings instead of 250 W fittings. Total savings of Rs.15.19 lacs p.a.
- At Hyderabad, installed VFD unit on Godrej 25 ton press and automatic shut off for compressor motors, resulting in energy savings of 22800 units annually. Savings of Rs.1.59 lacs p.a.
- At Thane, converted power supply connections from Star-delta to Star for grinding motors and running energy efficient compressors and water pumps. Savings of Rs.19.2 lacs p.a.
- At Aurangabad, fitted AC drive system on certain machines, replaced conventional GV with improved GV, replaced slip ring drives by IND motor and VFD on bull block, replaced existing CPEC gear box by new gear box on HB 27, converted ductable AC on Toshin into AHU, installed APFC control panels on HB machines, replaced existing HPMV lamp fittings by LED lights and solar day light system. Total savings Rs.41.82 lacs p.a.

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

During the year, your company has focused more on technology development of extra life bearings, standardization, optimization and diversification of single bearings solution to multiple automobile platforms.

There is a continuing programme to enhance its range of products & allied parts 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 and by providing multiple solutions for customer requirements. 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 | Prime focus throughout the year was on : <ul style="list-style-type: none"> • Shock resistance bearings with resilient material • Study, analysis and development for Automatic transmission. • Discrete technology adoption for product optimization with VA/VE concept & software development for the same. • Pressure velocity studies through application specific tests for gyroscopic and centrifugal effect. • Bearing life enhancement factors by bench mark testing • Extra life and light weight bearings. • Strategic alliance with customers through application and analytical engineering support for environmental friendly solutions. • Enhancing Supplier capability both for Quality and quantity • Development of new material, lubrication and surface coating. • Development of Planetary gear box testing set up |
|---|---|

| | |
|---|---|
| Benefits derived as a result of the above R&D | <ul style="list-style-type: none">• Cost reduction• Life enhancement and reliability improvement• Product standardization for platform creation• Compressing time for product development.• Development of high performance product for automatic transmission.• Customized product, process specifications based on application requirement.• Reputed customers entrusting futuristic high technology projects to the company. |
| Future plan of action | <ul style="list-style-type: none">• Launching new series of unitized bearing, pins & special CRB.• Lubrication and rust prevention development• Precision transmission & engine components• Developing composite materials for low friction.• Enhancing testing capabilities for heavy gear boxes, heavy engines and cage capability.• Development of special software for design and CAE.• REACH compliance• Optimizing product design for longer life and less torque. |
| Expenditure on R&D | During the year an amount of Rs.751.37 lacs has been incurred on revenue and capital account for R & D expenses. |

C. Foreign exchange earnings and outgo

| | |
|---------------------------|-------------------|
| Foreign exchange earnings | Rs. 13708.83 lacs |
| Foreign exchange outgo | Rs. 13225.18 lacs |

On behalf of the Board

H S Zaveri

Managing Director & President

Mumbai : May 22, 2014

ANNEXURE TO DIRECTORS REPORT

Whistle Blower Policy

1. Introduction

While every employee's contract of employment stipulates that he will not disclose confidential information about the employer's affairs, in order to bring about accountability and transparency, there should be a mechanism to enable employees to voice their concerns where they discover information which they believe shows serious malpractice, impropriety, abuse or wrongdoing within the organization. The employees should be encouraged and assisted to raise concerns without any fear of victimization, subsequent discrimination or disadvantage. If the employee has acted in good faith it does not matter if one is mistaken and the company shall ensure protection from any harassment or victimization of/against the disclosing employee.

2. Applicability of the policy

This policy applies to all permanent employees of the company including those who are on probation and comes into effect from April 1, 2014.

3. Policy and Procedure for disclosure, enquiry and disciplinary action

3.1 Concerns which may be raised -illustrative list

A whole variety of issues could fall under malpractice, impropriety, abuse and wrongdoing, some of which are listed below:

- Breach of any Policy or Manual or Code adopted by the Company
- Fraud and corruption (eg. receiving bribes)
- Health and safety risks, including risks to the public as well as other employees (eg. faulty electrical equipment)
- Any sort of financial malpractice
- Abuse of power (eg. Bullying/harassment)
- any unlawful act, including failure to comply with legal or statutory obligation for and on behalf of the Company
- Any other unethical or improper conduct

3.2 Concerns – how to raise/whom to disclose

The concern should be disclosed through letter, e-mail, telephone, fax or any other method to any of the following persons, who shall comprise the Corporate Compliance Committee, headed by the Managing Director & President reporting directly to the Audit Committee of the Board.

Managing Director to decide composition of Corporate Compliance Committee.

All relevant information regarding the Concern should be disclosed not later than 1 year from the date on which the employee came to know of the Concern. Upon receipt of the disclosure, the member of the Compliance Committee receiving the same shall furnish a copy to the Managing Director & President who shall decide which member shall be responsible for the investigation.

3.3 Procedure for investigation

- Obtain full details and clarifications of the complaint
- Consider the involvement of the Company's Auditors or any other external investigation agency or person
- Fully investigate into the allegation with the assistance where appropriate of other individuals/bodies
- Prepare a detailed written report and submit the same to the Compliance Committee not later than 30 days from the date of disclosure of the Concern.

Based on the findings in the written report and after conduct of such further investigation as it may deem fit, the Compliance Committee shall take a decision in the matter not later than 30 days from the date of the written report. If the complaint is shown to be justified then they shall invoke disciplinary or other appropriate action against the defaulting employee.

All decisions of the Committee shall be by way of simple majority. In case of a tie the matter shall be referred to the Audit Committee for a final decision in the matter.

A copy of all decisions of the Compliance Committee shall be placed before the Audit Committee at the meeting held immediately after such final decision.

If the Complainant or the person complained against is not satisfied with the decision of the Compliance Committee, then either of the parties could prefer an appeal against this decision before the Audit Committee whose decision in the matter will be final and binding on all the parties.

The employee making the disclosure as well as all other persons involved in the investigation and the members of the Compliance Committee shall not make public the Concern disclosed except with the prior written permission of the Audit Committee, except where the employee is called upon to disclose this by any judicial process.

If an employee believes there has been a retaliation against him for disclosing Concern under this policy by way of an adverse personnel action (which may include a disciplinary suspension, unsatisfactory performance evaluation which results in loss of promotion or normal salary increase, rejection during probation, involuntary reassignment to a position with demonstrably less responsibility or status as compared to the present position, or an unfavourable change in the general terms and conditions of employment) he may file a written complaint to the Audit Committee requesting suitable remedy.

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 NRB Industrial Bearings Ltd NRB-IBC Bearings Pvt.Ltd | Mr.Trilochan Singh Sahney Mrs.Hanwantbir Kaur Sahney Ms.Harshbeena S Zaveri Mr.Devesh S Sahney |
| Trilochan Singh Sahney Trust 1 (TSS Trust 1) | Mr.Trilochan Singh Sahney as nominee for TSS Trust 1 Mrs.Hanwantbir Kaur Sahney as nominee for TSS Trust 1 |
| Trilochan Singh Sahney Trust 2 (TSS Trust 2) | Mr.Trilochan Singh Sahney as nominee for TSS Trust 2 Mrs.Hanwantbir Kaur Sahney as nominee for TSS Trust 2 Ms.Aarti D Sahney Mr.Bhupinder Singh Sahney Mr.Rajiv D Sahney Mr.Jasjiv D Sahney |

CEO/CFO CERTIFICATION

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

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

For NRB BEARINGS LTD

H S ZAVERI

Managing Director (CEO)

Mumbai : May 22, 2014

TANUSHREE BAGRODIA

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, 2014.

Mumbai : May 22,2014

H S ZAVERI

Managing Director & President

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development and Outlook

The company is in the ball and roller bearing business for the requirements of the mobility industry, which has Original Equipment Manufacturers (OEMs) accounting for 60% -65 % of the demand while the rest is supplied to the Aftermarket (15% -20%) and Exports (20% - 25%). OEMs comprise domestic and global vehicle manufacturers in the following broad segments:

- 2/3 wheelers comprising motor cycles, scooters, mopeds, auto rickshaws (passenger & goods) and industrial 4 stroke engines
- passenger cars from small car hatchbacks to luxury models and utility vehicles
- commercial vehicles from LCVs, MCV/HCV to buses
- farm equipment and off highway vehicles including forklift trucks and construction equipment
- railway locomotives.
- defence vehicles including gun carriers and tanks
- Ingersoll Rand world wide (other than compressors)

New models are being constantly introduced by the vehicle manufacturers, there is expansion of the public transport systems, dedicated freight corridors for movement of goods and farm equipment demand for the rural areas.

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 2013-14. Your company's market share in the domestic organized sector is 12% approximately,

Market growth in the Indian mobility industry for both people and goods has a very large potential given the geographical spread and size of population.- personal mobility is spurred by the increasing disposable incomes and higher rural incomes of an aspirational young population, given the relatively low current penetration while growth in the goods mobility segment is being driven by the need to establish strong supply chains between producers and markets.

During fiscal 2013-14, continued uncertainty in the environment arising from a near paralysis of policy making, persistent inflationary pressures with resultant high interest rates led to dampening of consumer demand as disposable incomes reduced. Negative business sentiments and weakness in investment climate resulted in negative growth in several key consumer sectors. The global economic scenario too remained subdued and all major economies of the world faced a slowdown in economic activity with structural adjustments resulting in a steep depreciation of the Rupee, further tapering of demand leading to low capacity utilization and slowdown all around. This translated into a challenging year for the Indian bearings industry.

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, 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. Creation of right investment sentiment is key to India's long term sustainable growth and a changed policy and governance environment with a speedy clearances to resolve long pending core sector issues will ensure that the industrial growth is fast tracked again. With abilities to consistently deliver quality and reliability at an unbeatable cost position, India has the potential to become highly export competitive country for several goods and services and the Indian bearings industry can be part of this elite group of manufacturers. The ability to manage the short term challenges will play a significant role in catalyzing the growth drivers for the economy and industry.

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 and quality improvements are a continuing process along with exploring ways to minimise waste, reduce costs and increase productivity.

During 2013-14, the passenger cars and commercial vehicles witnessed de-growth with demand being subdued. The two wheeler and tractor demand saw reasonable growth. Tabled below are growth estimates for 2014-15 projected by the company, after assessing demand forecasts with all major OEMs:

| User Industry | Vehicle Production (Nos) | | | |
|----------------|--------------------------|-------------------|-------------|-------------------------|
| | 2013-14 | 2012-13 | % growth | 2014-15 Est % growth |
| 2-Wheelers | | | | |
| Motorcycle | 12,471,488 | 11,925,690 | | |
| Scooter | 3,679,193 | 3,026,512 | | |
| Mopeds | 732,210 | 791,954 | | |
| Total | 16,879,891 | 15,744,156 | 7.20 | 13 |
| 3-Wheelers | 830,120 | 839,748 | -1.15 | 16 |
| Passenger Cars | 2,311,972 | 2,423,086 | -4.59 | 26 |
| MUV/MPV | 760,679 | 807,972 | -5.85 |] |
| HCV/MCV | 221,626 | 280,677 | -21.04 |] |
| LCV | 477,238 | 551,972 | -13.54 |] |
| Tractors | 706,002 | 578,690 | 22.0 | 15 |
| Total | 5,264,635 | 5,460,065 | 1.2 | 14 |

Source:SIAM for 2013-14 and 2012-13 production data and company estimates

Financials

Sales net of excise duty has increased by 2.6% to Rs.58219 lacs from Rs.56856 lacs in 2012-13. Domestic sales increased marginally to Rs.44634 lacs from Rs.44606 lacs while exports increased by 11% to Rs.13585 lacs from Rs.12250 lacs in 2012-13.

The table below sets forth the key expense items as a percentage of net revenues for 2013-14 and 2012-13. The increase in input prices have not been fully compensated by suitable price enhancements and higher depreciation has resulted in flat operating margins.

| | Percentage of Turnover Year ended March 31 | |
|--|---|-------------|
| | 2014 | 2013 |
| Sales (net of excise duty) | 58219(100%) | 56856(100%) |
| Expenditure: | | |
| - Material (Including change in stock) | 41.60 | 39.00 |
| - Employee Cost | 15.90 | 16.70 |
| - Manufacturing and Other expenses (Net) | 24.40 | 26.30 |
| Total Expenditure | 81.90 | 82.00 |
| Profit before Depreciation, Interest and Tax | 18.10 | 18.00 |
| Depreciation | 5.70 | 5.30 |
| Finance costs (Net) | 3.00 | 3.00 |
| Profit before Exceptional Items and Tax | 9.40 | 9.70 |

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 |
|---|------------|------------|--------------|
| | 31.12.2013 | 31.12.2013 | 31.03.2014 |
| Operating Profit (PBDIT) to Net Sales - % | 13.48 | 16.15 | 18.10 |
| RONW- PAT/Net Worth | 13.07 | 12.34 | 16.10 |
| ROCE – PBT/Cap employed | 20.00 | 18.78 | 10.10 |
| EPS * | 31.60 | 73.32 | 3.94 |

* 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.

| | Rs. in lacs | |
|---|--------------------|---------|
| EVA | 2013-14 | 2012-13 |
| EBIT | 7191 | 7236 |
| Less: Adjusted Tax | 2444 | 2348 |
| NOPAT (Net Operating Profit less tax) | 4747 | 4888 |
| Equity | 23667 | 21086 |
| Debt | 29302 | 24777 |
| Total Invested Capital | 52969 | 45863 |
| Post Tax Cost of Debt % | 8.30 | 8.30 |
| Cost of Equity % | 13.30 | 12.50 |
| Weighted Average Cost of Capital % (WACC) | 10.53 | 10.23 |
| Weighted Average Cost of Capital (WACC) | 5578 | 4692 |
| EVA (NOPAT – WACC) | -831 | 196 |

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 @ 8.8% p.a. plus equity premium adjusted for company's beta variant. The equity premium is assumed @ 9% while the beta is considered at 0.5.

The company's EVA, which is a real measure of shareholders' value creation, has reduced during the year. Capital employed in the business has gone up with additional borrowings while the profits have not kept pace with the previous years.

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.32.

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.
- The USD 40 billion auto components industry is expected to grow to USD 100 billion by 2021 and with a growing vehicle producing capacity, India could become a global production hub. 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
- India's arable land is next only to the US' and with productivity levels getting a shot in the arm with technology, micro-irrigation, superior raw materials, cheaper and readily available financing, a boost for farm equipment requirements is imminent
- 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.

Risks and concerns

Risk management practices seek to sustain and enhance long term competitive advantage of the Company.

Risk Management Structure is -

- a) the Board of Directors who are responsible for corporate governance oversight, monitoring and approving the risk policies and associated practices of the company and reviewing and approving risk related disclosures.
- b) At the operating level the core group of the Executive Management team comprising the Managing Director, the Executive Director and Company Secretary, CFO, Heads of manufacturing, HR and Sales and Marketing, review enterprise risks from time to time, initiates mitigation actions and identify owners for the action to be taken.

The following broad categories of risks have been considered :

- Strategy : Choices and decisions we make to enhance long term competitive advantage of the Company and value to the stakeholders.
- Industry : Relates to the inherent characteristics of our industry including competitive structure, nature of market and regulatory environment.
- Counterparty : Risks arising from our association with entities for conducting business. These include customers, vendors and their respective industries.
- Resources : Risks arising from sub-optimal utilization of key organization resources such as capital and infrastructure.
- Operations : Risks inherent to our business operations includes service & delivery to customers, business support activities like NPD, TPM, Quality management, IT, Legal, Taxation
- Regulations and compliance : Risks due to inadequate compliance to regulations and violations of contractual obligations leading to litigation and loss of reputation.

The business environment changed significantly during the year, primarily driven by the economic slowdown. The automotive industry, the largest consumer of bearings, has strong linkages with the economy. The slowdown in economic growth has led to moderation in demand, affecting the company's revenue and margins. Also the slowdown in the EU markets have impacted the demand for the companies products in overseas markets. Global currencies we transact in, experienced high volatility.

Such a business environment called for enhanced focus on management of financial risks such as interest rates risk, currency risk and liquidity risk. Various measures were deployed to continuously monitor risks and take appropriate actions to mitigate the same.

The company is taking steps to formalise the risk management structure and the committee members for the Risk Management Committee and is conscious that risks unless proactively managed could adversely affect the operations of the company as a whole.

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 the wage settlement was signed for Waluj Plant VIII & Jalna. The company has signed three year settlements with wage rise linked to per man output (net of rework) & reduction in the rejection rates. Incentive payments are linked to overall production volume increase.

Overall relations with the workmen at all plants have been cordial during the year and the company has contained its employee costs, benefiting from the higher productivity.

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

To achieve our vision "to become a billion dollar company by 2020", we at NRB believe that investment in people and their potential is one of the greatest investments we can make. We lay emphasis on nurturing our own resources and most opportunities are first offered to internal candidates through internal job postings and those who are identified as key talent through our talent management process are then offered.

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.

The initiatives for clearly defined objective entry level parameters and rigorous process elements are being implemented to ensure quality of hiring with a formal process of "Employee Reference Checks".

SPEED : System of Performance Evaluation and Employee Development , the framework for Individual Development Planning, Career and Succession Planning has been implemented and is being continuously improved upon to enable employee motivation, training and building a bench strength of talented future leaders of tomorrow.

Permanent employees directly employed by the company currently total 1618 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.

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 between 29th March, 2014 and 31st March, 2014. The Board has taken steps to correct the same.

Mr. Keki Elavia has resigned with effect from 28th March 2014 and Mr Uday Khanna has been appointed as Additional Director with effect from 1st April 2014 at the board meeting held on 28th March, 2014.

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

| Name of Director | DIN | Category | No. of Directorships (Chairmanship) of other Indian companies as on 31.03.2014 | No. of Membership In mandatory Committees (Chairmanship) of other companies as on 31.03.2014 |
|----------------------|----------|----------|---|--|
| Mr. T S Sahney | 00003873 | E & NID | 1(1) | - |
| Dr. K S Pant | 00003915 | NE & ID | 1 | - |
| Ms. H S Zaveri | 00003948 | E & NID | 2 (1) | 2 |
| 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 |
| Mr. Tashwinder Singh | 06572282 | NE & ID | - | - |
| Mr. Uday Khanna | 00079129 | NE & ID | 5(1) | - |

E & NID – Executive & Non Independent Directors

NE & ID – Non Executive & Independent Directors

NE & NID – Non Executive and Non Independent Directors

None of the Directors is a member of more than 7 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 6 meetings of the Board during 2013-14.

The maximum interval between any two meetings was 86 days. The Board held its meetings on 29th May, 2013, 29th July, 2013, 28th October, 2013, 23rd January, 2014, 3rd February, 2014 and 28th March, 2014

(iii) Attendance of Directors:

The overall attendance of Directors was 85.42%. The attendance of whole-time Directors was 75%.

At the Board Meetings held during 2013-14 and the last Annual General Meeting

| Directors | Meetings held during the tenure of the Directors | Meetings Attended | Attendance at the last AGM (23rd July, 2013) | Share-holding |
|----------------------|--|-------------------|--|---------------|
| Mr. T S Sahney | 6 | 4 | Yes | 11716406 |
| Dr.(Ms) Kala S Pant | 6 | 6 | Yes | Nil |
| Mr. K M Elavia | 6 | 6 | Yes | Nil |
| Ms. H S Zaveri | 6 | 5 | Yes | 4732243 |
| Mr. D S Sahney | 6 | 6 | No | 3634600 |
| Mr. Anand N Desai | 6 | 3 | No | - |
| Mr. S C Rangani | 6 | 6 | Yes | 12500 |
| Mr. Tashwinder Singh | 6 | 5 | Yes | |
| Mr. Uday Khanna | - | - | - | - |

- Mr Uday Khanna appointed as Additional Director (Non Executive Independent Director) w.e.f. 1st April, 2014
- S C Rangani appointed as Additional Director (Executive Director & Non Independent) w.e.f. 25th July, 2013

Overall attendance in the Board Meetings: 85.42%

AGM : 75%

(iv) Profile of Directors being appointed/reappointed:

Mr. D S Sahney

| | |
|---|--|
| Age | 46 years |
| Qualification | BA,MBA (Asian Institute of Management, Philippines) |
| Expertise/Experience | Over 20 years of work experience. Started his career with L & T followed by Credit Lyonnais and thereafter in management positions in NRB Bearings Ltd. Appointed as Whole time Director w.e.f. 25.5.2001. |
| Director Since | May 2001 Upon demerger effective 1st October, 2012 he is the Managing Director of the demerged entity NRB Industrial Bearings Ltd. |
| List of other Indian Public companies in which Directorship is held | NRB Industrial Bearings Ltd |
| Chairman/Member of Committees in other public companies in which he is a Director | NRB Industrial Bearings Ltd-Stakeholders Relationship Committee |
| No. of shares held | 3634600 |

Mr.Tashwinder Singh

| | |
|---|--|
| Age | 44 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 Private Equity 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 | |

Mr.Uday Khanna

| | |
|---|---|
| Age | 64 years |
| Qualification | B.Com,FCA |
| Expertise/Experience | 40 years of work experience. Started his career with Hindustan Lever, moving on to Unilever in a variety of financial, commercial and general management roles both nationally and internationally. Joined Lafarge group in Paris on 1st June, 2003 and thereafter appointed as Managing Director & CEO of Lafarge India till July 2011 and now continues as Non-Executive Chairman. Has been the President of Indo French Chamber of Commerce and Industry in 2008-09 and the President of Bombay Chamber of Commerce and Industry in 2012-13. Recipient of "Ordre National Du Merite" from the President of the Republic of France for his role in promoting Indo French trade relations. |
| Director Since | April 2014 |
| List of other Indian Public companies in which Directorship is held | Bata India Ltd Pfizer Ltd Castrol India Ltd Thomas Cook India Ltd Coromandel International Ltd |
| Chairman/Member of Committees in other public companies in which he is a Director | Bata India Ltd -Chairman |
| No.of shares held | - |

Mr. S C Rangani

| | |
|---|---|
| Age | 65 years |
| Qualification | B.Com, MMS, ACS |
| Expertise/Experience | Over 43 years of work experience including 21 years with the company. Started his career with Hawkins Cookers Ltd, as a Management trainee and thereafter as a member of the top management team in Hawkins, Poysha Industrial and the company, has held Management positions in Finance and Accounts, Commercial (Materials & Marketing), IT, Secretarial and Legal functions. Appointed Executive Director w.e.f.31.10.2012 |
| Director Since | October 2012 |
| 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-Stakeholders Relationship Committee |
| No.of shares held | 12500 |
| Period of Contract of Executive Chairman | For a period of 3 years w.e.f.1.10.2013 to 30.9.2016 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 25.07.2015. The contract may be terminated by either party giving the other party three calendar months notice |

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 5 meetings during the year, which were attended by its members.

The Audit Committee is responsible for overseeing of the company's financial reporting process, reviewing with management the quarterly/half yearly/annual financial statements before submission to the Board for approval. Other terms of reference, inter alia, include:

- i) Recommendation for appointment, remuneration and terms of appointment of auditors of the company
- ii) Review and monitor the auditor's independence and performance and effectiveness of the audit process
- iii) Examination of the financial statement and the auditors' report thereon
- iv) Approval or any subsequent modification of transactions of the company with related parties
- v) Scrutiny of inter-corporate loans and investments
- vi) Valuation of undertakings or assets of the company, wherever necessary
- vii) Evaluation of internal financial controls and risk management systems
- viii) Monitoring the end use of funds raised through public offers and related matters.
- ix) Calling for comments of the auditors about internal control systems, scope of audit, including their observations and discussions with internal and statutory auditors and management of the company
- x) Investigation into any matter in relation to the above matters or referred by the Board and for this purpose, obtaining professional advice from external sources and full access to information contained in the records of the company
- xi) Establishing a vigil mechanism for directors and employees to report genuine concerns, with adequate safeguards against victimization of persons using such mechanism and direct access to the chairperson of the Committee in appropriate or exceptional cases

The Committee has acted as a link between the management, external and internal auditors and the Board of Directors of the company and 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 177 of the Companies Act, 2013.

Attendance of Members at the Meetings of the Audit Committee held during 2013-14.

| Members | Meetings held during the tenure of the Director | Meetings attended |
|--------------------------------|---|-------------------|
| Dr.(Ms) Kala S Pant (Chairman) | 5 | 5 |
| Mr.K M Elavia | 5 | 5 |
| Mr.Anand N Desai | 5 | 3 |

Overall attendance: 86.67%

3. Stakeholders Relationship Committee

The Board of Directors of the Company has renamed the Shareholders/Investors' Grievances Committee of Directors as Stakeholders Relationship Committee as per the provisions of section 178 of the Companies Act 2013. During the financial year there were more than 1000 shareholders, debenture holders and other security holders. The Committee comprises 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 Committee shall consider and resolve the grievances of security holders of the company. The chairperson of the committee has been attending the general meetings of the company.

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 within a fortnight. 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.

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 Stakeholders Relationship Committee of Directors held during 2013-14

| Members | Meetings held during the tenure of the Director | Meetings attended |
|------------------------|---|-------------------|
| Mr.T S Sahney | 7 | 5 |
| Ms.H S Zaveri | 7 | 6 |
| Ms.K S Pant (Chairman) | 7 | 6 |
| Mr.Anand N Desai | 7 | 3 |

* Overall attendance 71.4%

Investor queries/complaints handled

| Nature of queries/complaints | 2013-14 Nos. | 2012-13 Nos. |
|---|--------------|--------------|
| Relating to transfers, Transmissions etc. (including duplicate share certificates, stop transfer, non-receipt of share certificates, deletion of name, rectification of share certificate, indemnity bond for duplicate certificate, signature verification) | - | - |
| Relating to dividends (including issue of fresh Demand drafts against unpaid warrants, non-receipt of dividend warrants) | 20 | 17 |
| Relating to change of address | 1 | 1 |
| Others –Bank details | 1 | 1 |
| Total | 22 | 19 |

- 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

4. **Nomination and Remuneration Committee**

The Board of Directors, at their meeting held on 28th March'2014, have constituted the Nomination and Remuneration committee comprising of three non- executive and independent directors viz. Mr Tashwinder Singh (Chairman), Mr Anand Desai and Mr Uday Khanna.

The Committee shall

- identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director
- Recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees, which ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully,
- Clearly link the relationship of remuneration to performance with appropriate performance benchmarks; and
- Ensure that remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

There were no meetings of the committee during the year. The committee shall be meeting shortly to decide the above. During the last financial year the directors have been remunerated as per details given below with sitting fees of Rs.10,000 per meeting being paid for the board meetings and audit committee meetings and Rs.7,500 per meeting for the Stakeholders Relationship Committee. In addition the non executive directors are entitled to commission @0.125% of net profits for the year, with a ceiling of Rs.10 lacs p.a. as determined by the Board of Directors, which will be apportioned and payable during 2014-15.

The details of the remuneration package of directors/key management personnel is tabled below:

| Name of Director/KMP | Sitting fees | Commission on profits * | Salary and Perquisites | Total |
|-----------------------------|---------------------|--------------------------------|-------------------------------|--------------|
| T S Sahney | - | 39,58,000 | 1,15,45,810 | 1,55,03,810 |
| H S Zaveri | - | 25,85,000 | 1,48,99,242 | 1,74,84,243 |
| Taswinder Singh | 50,000 | 98950 | | 148,950 |
| D S Sahney | 60,000 | 98950 | | 158,950 |
| K S Pant | 170,000 | 98950 | | 268,950 |
| K M Elavia | 110,000 | 98950 | | 208,950 |
| Anand N Desai | 90,000 | 98950 | | 188,950 |
| S C Rangani | - | - | 65,31,967 | 65,31,967 |
| Uday Khanna | - | - | - | - |
| Tanushree Bagrodia (CFO) | - | - | 52,55,585 | 52,55,585 |

* 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 2014-15,

5. **CSR Committee**

The Board of Directors , at their meeting held on 28th March'2014, have constituted the CSR committee comprising of three Directors viz. Ms.Harshbeena Zaveri as Chairman, Mr.Uday Khanna and Mr.S C Rangani.

The Committee shall

- i. formulate and recommend to the Board a CSR policy which indicates the activities to be undertaken by the company as specified in schedule VII ensuring that preference is given to the local areas where it operates
- ii. recommend the amount of expenditure to be incurred on such activities
- iii. monitor the CSR policy from time to time

The company has been undertaking CSR activities voluntarily in the past and has identified the activities it would like to promote as

- a) promotion of education, both at school and post graduate levels
- b) promoting gender equality and empowering women
- c) ensuring environmental sustainability

The average of the last 3 years profits works out to Rs.5954 lacs and @2% the amount to be spent by the company on CSR activities works out to Rs.119 lacs during FY 2014-15. The committee at its meetings during the year will finalise the budgets to be allocated to each of these activities.

6. 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:

48th Annual General Meeting on 23rd July, 2013 at 3.00 p.m. at M.C.Ghia Hall, K Dubash Marg, Mumbai 400 001

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

No postal ballot was conducted in the year 2013-14. Pursuant to section 110 of the Companies Act, 2013, e-voting facility to all members has been provided through the e-voting platform of CDSL.

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 2013-14. 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 formulated a whistle blower policy with adequate safeguards against victimisation of those who avail of this whistle mechanism. However employees continue to be free to report to Management or the Audit Committee on any matter concerning unethical behaviour actual or suspected fraud or violation of the Company's code of Conduct or ethics policy.

6. Means of Communication

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

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

No separate presentations has been made to institutional investors nor has any separate meeting of analysts held during the year. One on one meetings are held with any institutional investors or analyst as per mutual convenience.

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. Half yearly results to shareholders

The company forwards half yearly results to all its shareholders. The quarterly financial results are also available on the company's web site.

c. Audit Qualifications

Not applicable

d. Separate posts of Chairman and CEO

The company has an Executive Chairman and separately Managing Director & President who functions as the CEO of the company.

e. Reporting of the internal auditor

The internal auditor reports directly to the Managing Director/Audit committee.

AUDITORS' CERTIFICATE TO THE MEMBERS OF NRB BEARINGS LIMITED ON COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH, 2014, UNDER CLAUSE 49 OF THE LISTING AGREEMENTS WITH RELEVANT STOCK EXCHANGES.

We have examined the compliance of conditions of corporate governance by NRB Bearings Limited, for the year ended on March 31, 2014, 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 in Parra (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 29th March 2014 to 31st March 2014, 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)

Saira Nainar
Partner
(Membership No. 040081)

Mumbai : 22nd May, 2014

SHAREHOLDERS' INFORMATION

1. **Annual General Meeting**
 Date and Time : 11th August, 2014 at 11.30 a.m.
 Venue : M C Ghia Hall, K Dubash Marg
 Near Kalaghoda, Fort, Mumbai 400 001
2. **Financial Calendar**
 Financial reporting for the quarter ending June 30, 2014 : August, 2014
 Financial reporting for the quarter ending September 30, 2014 : October, 2014
 Financial reporting for the quarter ending December 31, 2014 : January, 2015
 Financial reporting for the year ending March 31, 2015 : May, 2015
 Annual General Meeting for the year ending March 31, 2015 : August, 2015
3. **Book Closure Date** : 4th August, 2014 to 11th August, 2014
 (both days inclusive)
4. **Dividend Payment Date** : 19th August, 2014
5. **Registered Office, plants & website** : Dhannur, 15 Sir P.M.Road
 Fort, Mumbai 400 001
 (Tel) 22664160/4998
 (Fax) 22660412
 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) 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 263153

Web Site: www.nrbbearings.com

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 |
|----------------|-------------------------------|---------------------|----------------------|
| 2006-07- Final | 3rd August, 2007 | 14th August, 2007 | 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 |
| 2012-13 | 23rd July, 2013 | 2nd August, 2013 | 28th August, 2020 |

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, 2014.

| | Deal Nos. | No.of warrants issued | No.of warrants unclaimed | % | Amount of dividend Rs.in lacs | Unclaimed dividend amount Rs. | % |
|---------------|-----------|-----------------------|--------------------------|------|-------------------------------|-------------------------------|------|
| 2006-07-Final | 704114 | 4683 | 211 | 4.51 | 630.00 | 133213.60 | 0.21 |
| 2007-08 | 704348 | 6244 | 274 | 4.39 | 1163.07 | 202286.40 | 0.17 |
| 2008-09 | 704479 | 6071 | 345 | 5.68 | 775.38 | 174750.40 | 0.23 |
| 2009-10 | 704611 | 7393 | 280 | 3.79 | 969.23 | 170266.00 | 0.18 |
| 2010-11 | 704707 | 9980 | 288 | 2.89 | 1938.45 | 319294.00 | 0.16 |
| 2011-12 | 704788 | 10470 | 364 | 3.48 | 1938.45 | 340818.00 | 0.18 |
| 2012-13 | 704859 | 10660 | 265 | 2.49 | 1647.68 | 163992.20 | 0.10 |
| Total | | 55501 | 2027 | 3.65 | 9062.26 | 1504620.60 | 0.17 |

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 | 2014 | | | | 2013 | | | |
|----------------------|---------------------|--------------------|-------------------|-----------------|---------------------|--------------------|-------------------|-----------------|
| | 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 | 6767 | 71.277 | 1154542 | 1.191 | 7866 | 72.033 | 1352185 | 1.395 |
| 501-1000 | 1527 | 16.084 | 1394580 | 1.439 | 1777 | 16.273 | 1592170 | 1.643 |
| 1001-2000 | 553 | 5.825 | 935356 | 0.965 | 632 | 5.788 | 1051179 | 1.085 |
| 2001-3000 | 196 | 2.064 | 513074 | 0.529 | 207 | 1.896 | 544139 | 0.561 |
| 3001-4000 | 93 | 0.980 | 339273 | 0.350 | 111 | 1.016 | 403051 | 0.416 |
| 4001-5000 | 95 | 1.001 | 456815 | 0.472 | 75 | 0.687 | 360480 | 0.372 |
| 5001-10000 | 124 | 1.306 | 927784 | 0.957 | 129 | 1.181 | 958279 | 0.989 |
| 10001 & above | 139 | 1.464 | 91201176 | 94.097 | 123 | 1.126 | 90661117 | 93.540 |
| TOTAL | 9494 | 100.00 | 96922600 | 100.00 | 10920 | 100.00 | 96922600 | 100.00 |

As on 31st March, 2014 96346340 constituting 99.41% 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 :

| | 2014 | | | | 2013 | | | |
|--|----------------------|--------------------|--------------------|-----------------|----------------------|--------------------|--------------------|-----------------|
| Category | No. of share holders | % of share holders | No. of shares held | % share holding | No. of share holders | % of share holders | No. of shares held | % share holding |
| Individuals/ clearing members | 9157 | 96.45 | 31655683 | 32.66 | 10519 | 96.33 | 40380827 | 41.66 |
| Corporate Bodies | 202 | 2.13 | 7691751 | 7.94 | 243 | 2.23 | 6140590 | 6.34 |
| Trust | 1 | 0.01 | 37755640 | 38.95 | 1 | 0.01 | 37755640 | 38.95 |
| Foreign Collaborator | - | - | - | - | - | - | - | - |
| NRI/OCBs | 115 | 1.21 | 232599 | 0.24 | 139 | 1.27 | 184258 | 0.19 |
| FI/FII/Banks/ Foreign national/ Trusts | 14 | 0.15 | 18421396 | 19.01 | 12 | 0.11 | 7667938 | 7.91 |
| Mutual Funds/UTI | 5 | 0.05 | 1165531 | 1.20 | 6 | 0.05 | 4793347 | 4.95 |
| TOTAL | 9494 | 100.00 | 96922600 | 100.00 | 10920 | 100.00 | 96922600 | 100.00 |

Promoter holdings constituting 60452727 shares (62.37%) of the equity capital are included in the above.

13. Share Transfer System

The Stakeholders Relationship Committee comprising of four directors is authorized to consider and resolve the grievances of security holders of the company. The committee meets quarterly and on need basis to approve physical transfer of shares.

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. 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

15. Listing on Stock Exchange at
: Equity shares

Bombay Stock Exchange Ltd

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 2014-15 have been paid to the Stock Exchange- Mumbai and National Stock Exchange.

16. Stock Codes

Bombay Stock Exchange

530367

National Stock Exchange

NRBBEARING

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

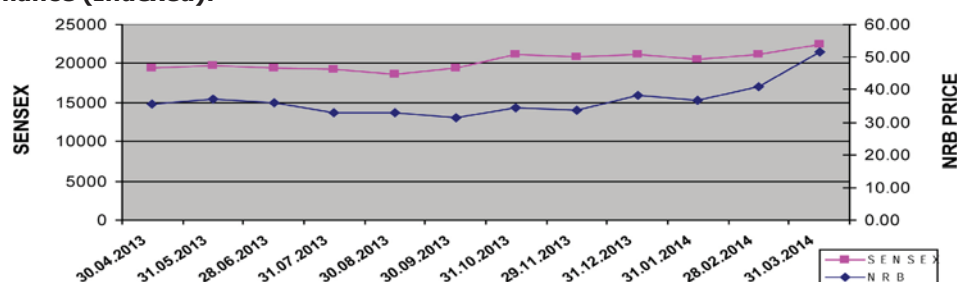
INE 349A 01021

17. Stock Market Data

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

Monthly high and low quotations and volume of shares traded

| 2013-14 | Bombay Stock Exchange | | | National Stock Exchange | | |
|--------------|-----------------------|---------|----------------|-------------------------|---------|-----------------|
| Month | High (Rs) | Low(Rs) | Volume | High (Rs) | Low(Rs) | Volume |
| April'13 | 38.00 | 35.75 | 521802 | 36.75 | 30.90 | 287674 |
| May'13 | 41.75 | 34.00 | 3265421 | 41.65 | 34.00 | 11241158 |
| June'13 | 40.70 | 36.00 | 609283 | 40.70 | 35.30 | 1026504 |
| July'13 | 38.95 | 36.55 | 265243 | 37.90 | 30.60 | 370115 |
| August'13 | 34.00 | 35.80 | 65766 | 34.45 | 30.10 | 265364 |
| September'13 | 35.20 | 35.20 | 53600 | 34.95 | 31.10 | 190083 |
| October'13 | 38.20 | 34.00 | 82990 | 39.20 | 31.50 | 211980 |
| November'13 | 36.60 | 34.55 | 44808 | 35.50 | 33.30 | 180068 |
| December'13 | 39.30 | 34.55 | 100053 | 39.50 | 33.60 | 553109 |
| January'14 | 46.30 | 34.25 | 526729 | 45.50 | 36.00 | 1623915 |
| February'14 | 41.30 | 30.20 | 142386 | 41.65 | 33.20 | 444610 |
| March'14 | 53.00 | 29.55 | 619864 | 52.95 | 38.25 | 1510196 |
| Total | | | 6297945 | | | 17904776 |

18. Performance (Indexed):


| | 30.04.2013 | 31.05.2013 | 28.06.2013 | 31.07.2013 | 30.08.2013 | 30.09.2013 | 31.10.2013 | 29.11.2013 | 30.12.2013 | 31.01.2013 | 28.02.2013 | 31.03.2014 |
|--------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| NRB | 35.70 | 36.95 | 35.80 | 33.00 | 32.90 | 31.50 | 34.40 | 33.75 | 38.25 | 36.75 | 40.75 | 51.75 |
| SENSEX | 19504 | 19760 | 19396 | 19346 | 18620 | 19380 | 21165 | 20792 | 21171 | 20514 | 21120 | 22386 |

19. **Registrars and Transfer Agents** : M/s.Universal Securities Pvt.Ltd
 (Share transfer and communication (Formerly known as M/s.Mondkar Computers Pvt.Ltd)
 regarding Share certificates, dividends 21, Shakil Niwas, Mahakali Caves Road
 and change of address) Andheri (East), Mumbai 400 093
 (Registered with SEBI as Share
 Transfer Agent-Category I)

20. **Investor correspondence**

The Company Secretary, Tel:022-22664160/4998
 NRB Bearings Limited Fax:022-22660412
 Dhannur, 15 Sir P.M.Road E-mail:sc.rangani@nrbbearings.co.in
 Fort, Mumbai 400 001

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

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

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

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

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

23. **Financial ratios**

| | 2013-14 | 2012-13 | 2011-12 | 2010-11** |
|----------------------------|----------------|---------|---------|-----------|
| Net earnings (Rs.lacs) | 3818.11 | 4703.57 | 4828.67 | 5391.52 |
| Cash earnings (Rs.lacs) | 7144.80 | 7700.75 | 7606.01 | 7677.99 |
| EPS (Rs) | 3.94 | 4.85 | 4.98 | 5.56 |
| CEPS (Rs.) | 7.37 | 7.95 | 7.85 | 7.92 |
| Dividend per share (Rs.) | 1.10 | 1.70 | 2.00 | 2.00 |
| Dividend payout (%) | 32.40 | 40.77 | 46.47 | 41.78 |
| Book value per share (Rs.) | 24.42 | 21.76 | 25.26 | 22.60 |
| Price to earnings * | 13.13 | 6.40 | 7.22 | 8.54 |
| Price to cash earnings * | 7.02 | 3.91 | 4.58 | 6.00 |
| Price to book value * | 2.12 | 1.43 | 1.42 | 2.10 |

* Stock price as on 30thMarch, 2014 –Rs.51.75 (closing price)

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NRB BEARINGS LIMITED

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, 2014, 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) 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, 2014;
- (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.

Emphasis of Matter

We draw attention to Note 44 to the financial statements. As stated in the Note, the latest available audited financial statements for the year ended 31st March, 2014 of NRB Bearings (Thailand) Limited (NRB, Thailand), a wholly owned subsidiary, wherein the Company has an investment of Rs. 1,640.56 lacs in equity shares, reflect erosion of its net worth. In the opinion of the management of the Company, the diminution in value of investment in NRB, Thailand is not considered as other than temporary, for the reasons stated therein.

Our opinion is not qualified in respect of this matter.

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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 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)

SAIRA NAINAR

Partner

(Membership No. 040081)

Mumbai : 22nd May, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(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 (xiii), (xiv) and (xx) of paragraph 4 of the Order 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 programme 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 programme, 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 except for 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. 882.95 lacs to two parties during the year. At the year-end, the outstanding balances of such loans granted aggregated Rs. 865.70 lacs (number of parties two) and the maximum amount involved during the year was Rs 871.43 lacs.
 - (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 interest have been regular, principal amounts were not due during the year.
 - (d) There are no overdue amounts and hence the provisions of sub-clause (d) of clause 4(iii) of the Order are not applicable to the Company.
 - (e) The Company has not taken loans from a Company covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub clauses (e) to (g) of clause 4 (iii) are not applicable.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business 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.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that need to be entered in the Register maintained under the said Section have been so entered.

- (b) Where each of such transaction is in excess of Rs. 5 lacs in respect of any party, the transactions 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.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from public during the year within the meaning of Section 58A & 58AA or any other relevant provisions of the Companies Act, 1956.
- (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (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 been generally regular in depositing undisputed statutory dues, including Income-tax, Investor Education and Protection Fund, Customs Duty, Provident Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Excise Duty, Service Tax, 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, 2014 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, 2014 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount Involved (Rs.in lacs) |
|---------------------------------|-------------------------------|---|---|------------------------------|
| The Income Tax Act, 1961 | Income Tax | Commissioner of Income Tax (Appeals) | A.Y. 2010-2011 A.Y. 2011-2012 | 312.76 |
| The Bombay Sales Tax Act, 1959 | Sales Tax | Joint Commissioner of Sales Tax (Appeals) | A.Y. 2006-2007 | 15.67 |
| The Central Sales Tax Act, 1956 | Sales Tax | Joint Commissioner of Sales Tax (Appeals) | A.Y. 2006-2007 A.Y. 2010-2011 | 145.58 |
| The Bombay Sales Tax Act, 1959 | Sales Tax | Deputy Commissioner (Appeals) | A.Y. 1997-1998 | 1.20 |
| The Central Sales Tax Act, 1956 | Sales Tax | Deputy Commissioner (Appeals) | A.Y. 1997-1998 A.Y. 2008-2009 to A.Y. 2012-2013 | 51.45 |
| The Customs Act, 1962 | Custom Duty, Penalty and Fine | Supreme Court | A.Y. 1994-1995 | 138.87 |

- (xi) The Company does not have accumulated losses as at the end of the financial year. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xii) 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.
- (xiii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) 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.

- (xv) 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.
- (xvi) 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.
- (xvii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xviii) According to the information and explanations given to us, and the records examined by us, security / charges have been created in respect of secured debentures issued.
- (xix) 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

(Firm's Registration No. 117365W)

Saira Nainar

(Partner)

(Membership No. 040081)

Mumbai, 22nd May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

| | Note No. | Rs.lacs | As at 31.03.2014 Rs.lacs | As at 31.03.2013 Rs.lacs |
|------------------------------------|----------|-----------------|-----------------------------|-----------------------------|
| I. EQUITY AND LIABILITIES | | | | |
| (1) Shareholders' Funds | | | | |
| (a) Share Capital | 3 | 1938.45 | | 1938.45 |
| (b) Reserves and Surplus | 4 | 21728.22 | | 19147.25 |
| | | | 23666.67 | 21085.70 |
| (2) Non-Current Liabilities | | | | |
| (a) Long term borrowings | 5 | 9218.98 | | 9036.83 |
| (b) Deferred tax liabilities (Net) | 6 | 1152.16 | | 969.19 |
| (c) Other Long term liabilities | 7 | 316.50 | | - |
| (d) Long term provisions | 8 | 465.20 | | 419.73 |
| | | | 11152.84 | 10425.75 |
| (3) Current Liabilities | | | | |
| (a) Short term borrowings | 9 | 16447.03 | | 14975.92 |
| (b) Trade payables | 10 | 7673.62 | | 6700.10 |
| (c) Other current liabilities | 11 | 5637.18 | | 2878.06 |
| (d) Short-term provisions | 12 | 1577.71 | | 2048.76 |
| | | | 31335.54 | 26602.84 |
| Total | | | 66155.05 | 58114.29 |
| II. ASSETS | | | | |
| (1) Non-current assets | | | | |
| (a) Fixed assets | 13 | | | |
| (i) Tangible assets | | 20182.99 | | 18984.47 |
| (ii) Intangible assets | | 74.79 | | 73.93 |
| (iii) Capital work-in-progress | | 3303.11 | | 1797.52 |
| | | 23560.89 | | 20855.92 |
| (b) Non-current investments | 14 | 1936.32 | | 2086.32 |
| (c) Long term loans and advances | 15 | 2928.18 | | 2807.13 |
| | | | 28425.39 | 25749.37 |
| (2) Current assets | | | | |
| (a) Current investments | 16 | 150.00 | | 200.00 |
| (b) Inventories | 17 | 13149.55 | | 13420.19 |
| (c) Trade receivables | 18 | 19113.39 | | 15749.96 |
| (d) Cash and Cash Equivalents | 19 | 510.75 | | 354.97 |
| (e) Short-term loans and advances | 20 | 4805.62 | | 2639.26 |
| (f) Other current assets | 21 | 0.35 | | 0.54 |
| | | | 37729.66 | 32364.92 |
| Total | | | 66155.05 | 58114.29 |

See accompanying notes forming part of the financial statements

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

Saira Nainar
Partner

Mumbai: 22nd May, 2014

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

H. S. Zaveri
Managing Director & President

S. C. Rangani
Executive Director &
Company Secretary

K. S. Pant

Tashwinder Singh

Tanushree Bagrodia
Chief Financial Officer

Uday Khanna

D. S. Sahney
Directors

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

| | Note No. | Rs. lacs | For the Year ended 31.03.2014 Rs. lacs | Rs. lacs | For the Year ended 31.03.2013 Rs. lacs |
|---|----------|-----------------|---|----------|---|
| I. Revenue from operations (gross) | 22 | 64783.18 | | 63266.21 | |
| Less: Excise duty | | 5333.79 | | 5312.88 | |
| Revenue from operations (net) | | | 59449.39 | | 57953.33 |
| II. Other Income | 23 | | 456.62 | | 866.37 |
| III. TOTAL REVENUE (I + II) | | | 59906.01 | | 58819.70 |
| IV. EXPENDITURE | | | | | |
| Cost of materials consumed | 24A | | 23511.40 | | 23584.38 |
| Purchase of Stock-in-Trade | 24B | | - | | 44.61 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 24C | | 717.13 | | (1458.00) |
| Employee benefit expense | 25 | | 9238.37 | | 9479.32 |
| Finance costs | 26 | | 1719.27 | | 1731.43 |
| Depreciation and amortization expense | 13 | | 3326.69 | | 2997.18 |
| Other expenses | 27 | | 15921.57 | | 16936.24 |
| Total Expenses | | | 54434.43 | | 53315.16 |
| V. PROFIT BEFORE TAX (III - IV) | | | 5471.58 | | 5504.54 |
| VI. Tax expense: | | | | | |
| - Current tax | | 1447.52 | | 1151.60 | |
| - In respect of earlier years | | 22.98 | | (254.45) | |
| Net current tax expense | | 1470.50 | | 897.15 | |
| - Deferred tax | | 109.70 | | (96.18) | |
| - In respect of earlier years | | 73.27 | | - | |
| Net deferred tax (income)/expense | | 182.97 | | (96.18) | |
| | | | 1653.47 | | 800.97 |
| VII. PROFIT AFTER TAX (V - VI) | | | 3818.11 | | 4703.57 |
| Earnings per share | | | | | |
| (of Rs. 2 each) (Refer note 35) | | | | | |
| Basic, as well as diluted (In Rs.) | | | 3.94 | | 4.85 |

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

T. S. Sahney
Executive Chairman

H. S. Zaveri
Managing Director & President

S. C. Rangani
Executive Director &
Company Secretary

K. S. Pant

Tashwinder Singh

Saira Nainar
Partner

Tanushree Bagrodia
Chief Financial Officer

Uday Khanna
Directors

D. S. Sahney

Mumbai: 22nd May, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

| | | Year ended 31.03.2014 | Year ended 31.03.2013 |
|---|------------------|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs | Rs. lacs |
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| NET PROFIT BEFORE TAX | | 5471.58 | 5504.54 |
| Adjustments for: | | | |
| Depreciation/amortisation | 3326.69 | | 2997.18 |
| Foreign exchange loss/(gain) - unrealised | (6.21) | | (203.51) |
| Finance cost (net) | 1719.27 | | 1731.43 |
| Dividend income | (68.26) | | (82.15) |
| (Profit)/loss on sale of fixed assets | (79.94) | | (78.34) |
| Bad debts | 0.05 | | 7.17 |
| Provision for doubtful debts | 19.58 | | (223.55) |
| Provision for diminution in value of investments | - | | 1.00 |
| Liability no longer payable | (42.92) | | - |
| Provision for compensated absences | 17.23 | | 75.63 |
| Provision for gratuity | (255.31) | | (147.31) |
| | | 4630.18 | 4077.55 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS | | 10101.76 | 9582.09 |
| Changes in working capital: | | | |
| Adjustment for (increase)/ decrease in operating assets | | | |
| - Trade receivables | (2998.96) | | (2469.11) |
| - Short-term loans and advances | (1324.24) | | (1158.45) |
| - Long-term loans and advances | (14.65) | | 32.42 |
| - Inventories | 270.64 | | (2162.74) |
| Adjustment in increase/ (decrease) in operating liabilities | | | |
| - Other long term liabilities | 316.50 | | - |
| - Trade payables | 928.70 | | 911.73 |
| - Other current liabilities | 1.66 | | (55.07) |
| | | (2820.35) | (4901.22) |
| NET CASH GENERATED FROM OPERATIONS | | 7281.41 | 4680.87 |
| Direct taxes paid (net of refund) | | (1209.96) | (1276.36) |
| NET CASH FROM OPERATING ACTIVITIES | | 6071.45 | 3404.51 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | | |
| Purchase of fixed assets (including adjustments on account of capital advances) | | (5459.42) | (8486.24) |
| Sale of fixed assets | | 193.39 | 108.54 |
| Purchase of equity shares in a subsidiary | | - | (1045.92) |
| Sale of current investments | | 200.00 | 200.00 |
| Inter Corporate deposit to subsidiary/ group Company | | (882.95) | - |
| Dividend income | | | |
| from joint venture | | - | 22.50 |
| from others | | 68.26 | 59.65 |
| NET CASH USED IN INVESTING ACTIVITIES | | (5880.72) | (9141.47) |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (Cond.)

| | Rs. lacs | Year ended 31.03.2014 Rs. lacs | Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|--|----------|--------------------------------------|----------|--------------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | | | |
| Proceeds from long term borrowings | | 3571.03 | | 332.15 |
| Proceeds from short term borrowings (net) | | 4320.02 | | 5411.22 |
| Repayment of long term borrowings | | (993.91) | | (740.44) |
| Proceeds from inter corporate deposit | | - | | 1000.00 |
| Repayment of inter corporate deposit | | - | | (1000.00) |
| Increase/(Decrease) in cash credit | | (3141.15) | | 2992.97 |
| Finance cost paid (net) | | (1871.30) | | (1859.66) |
| Dividend paid | | (1647.68) | | (1938.45) |
| Tax on dividend | | (269.82) | | (305.43) |
| NET CASH (USED IN) / FROM FINANCING ACTIVITIES | | (32.81) | | 3892.36 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | | 157.92 | | (1844.60) |
| Cash and cash equivalents as at the beginning of the year | | 337.78 | | 5448.59 |
| Impact of demerger | | - | | (3266.21) |
| Cash and cash equivalents as at the end of the year (Refer note 19) | | 495.70 | | 337.78 |

See accompanying notes forming part of the financial statements

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

Saira Nainar
Partner

Mumbai: 22nd May, 2014

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

H. S. Zaveri
Managing Director & President

S. C. Rangani
Executive Director &
Company Secretary

K. S. Pant

Tashwinder Singh

Tanushree Bagrodia
Chief Financial Officer

Uday Khanna

D. S. Sahney
Directors

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**NOTE****1. Corporate Information:**

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

2. Significant accounting policies:**1. Basis of accounting**

The financial statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956, (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the said Act.

2. Use of estimates

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

3. Fixed assets and depreciation/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(13) below.

4. Impairment

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

5. Foreign currency transactions

- i. Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected.
- ii. Foreign currency denominated assets and liabilities are reported as follows:
 - a) Monetary items are translated into rupees at the exchange rates prevailing at the balance sheet date. Non-monetary items such as fixed assets are carried at their historical rupee values.
 - b) Gains/losses arising on settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities (monetary items) are recognised in the statement of profit and loss, except for long term assets/liabilities which pertain to acquisition of fixed assets which are adjusted in the cost of fixed assets. (Refer Note 43)
- iii. In case of forward exchange covers, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract except those relating to hedged long term liabilities which pertain to acquisition of fixed assets which are adjusted to the cost of fixed assets.
- iv. Swap transactions are entered by the Company to hedge its exposure against movements in foreign exchange rates and interest rates.
- v. Gain/losses arising on swap transactions are recognised in the statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 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 but exclusive of sales tax and value added tax and are net of sales return.

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 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 monthly 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 and when 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, HDFC

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Standard Life Insurance Company Limited and Kotak Mahindra Old Mutual Life Insurance Company Limited) for future payments of gratuities on behalf of the trusts established for this purpose. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation as at the year end. Actuarial gains and losses are recognized in the statement of profit and loss.

2. **Compensated absences**

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

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 Company are segregated based on the available information.

18. **Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

19. **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
NOTE 3 - Share Capital

| | As at 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs |
|--|---------------------------------|---------------------------------|
| Authorised: | | |
| 100,000,000 (as at 31.03.2013 100,000,000) | | |
| Equity shares of Rs. 2 each | 2000.00 | 2000.00 |
| Issued, subscribed and fully paid up: | | |
| 96,922,600 (as at 31.03.2013 96,922,600) | | |
| Equity shares of Rs. 2 each fully paid up | 1938.45 | 1938.45 |
| Per balance sheet | 1938.45 | 1938.45 |

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

| | As at 31.03.2014 Number of shares | Rs. lacs | As at 31.03.2013 Number of shares | Rs. lacs |
|---|---|----------------|---|----------|
| Shares outstanding at the beginning of the year | 96922600 | 1938.45 | 96922600 | 1938.45 |
| Shares outstanding at the end of the year | 96922600 | 1938.45 | 96922600 | 1938.45 |

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

| | As at 31.03.2014 Number of shares | % of holding | As at 31.03.2013 Number of shares | % of holding |
|---|---|-----------------|---|-----------------|
| Equity Shares: | | | | |
| Trilochan Singh Sahney | 11716406 | 12.09 | 11716406 | 12.09 |
| Trilochan Singh Sahney Trust 1 (held by a trustee in his individual name) | 37755640 | 38.95 | 37755640 | 38.95 |
| Nalanda India Equity Fund Limited | 9682667 | 9.99 | - | - |
| ICICI Prudential Life Insurance Company Limited | 5415214 | 5.59 | 5418714 | 5.59 |

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:**

| | As at 31.03.2014 Number of shares | As at 31.03.2013 Number of shares |
|--------------------------------------|--|--|
| Fully paid up by way of bonus shares | 48461300 | 48461300 |

iv) **Rights attached to equity shares:**

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 4 - Reserves and Surplus

| | Rs. lacs | As at 31.03.2014 Rs. lacs | Rs. lacs | As at 31.03.2013 Rs. lacs |
|--|----------------|---------------------------------|----------|---------------------------------|
| Capital reserve | | 25.00 | | 25.00 |
| Securities premium account | | 847.61 | | 847.61 |
| Debenture redemption reserve : | | | | |
| Opening balance | 500.00 | | 333.33 | |
| Add: Transfer from Surplus in the statement of Profit & Loss | 500.00 | | 166.67 | |
| Closing balance | | 1000.00 | | 500.00 |
| General reserve : | | | | |
| Opening balance | 8139.39 | | 13853.81 | |
| Less: On account of demerger (Refer note 46) | - | | 6184.78 | |
| Add: Transfer from Surplus in the statement of Profit & Loss | 381.81 | | 470.36 | |
| Closing balance | | 8521.20 | | 8139.39 |
| Capital redemption reserve | | 11.10 | | 11.10 |
| Surplus in the Statement of Profit and Loss : | | | | |
| Opening balance | 9624.15 | | 7475.11 | |
| Add: Profit for the year | 3818.11 | | 4703.57 | |
| Less: Appropriations | | | | |
| Proposed dividend (Rs. 1.10 (year ended 31.03.2013 Rs. 1.70) per share) | 1066.15 | | 1647.68 | |
| Tax on dividend | 170.99 | | 269.82 | |
| Transfer to general reserve | 381.81 | | 470.36 | |
| Transfer to debenture redemption reserve | 500.00 | | 166.67 | |
| Closing balance | | 11323.31 | | 9624.15 |
| Per balance sheet | | 21728.22 | | 19147.25 |

NOTE 5 - Long Term Borrowings

| | As at 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs |
|--|---------------------------------|---------------------------------|
| A) Non-convertible debentures | | |
| Secured (Refer footnote i and ii (b) below) | - | 2000.00 |
| B) Term loans in foreign currency from banks | | |
| Secured (Refer footnote ii (a) below) | 4830.43 | 5247.64 |
| C) Other Loans in foreign currency from banks | | |
| Secured (Refer footnote ii (d) below) | 2857.72 | - |
| D) Deferred payment liabilities | | |
| Unsecured: Interest free Sales tax loan (Refer footnote ii (c) below) | 1530.83 | 1789.19 |
| Per balance sheet | 9218.98 | 9036.83 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs |
|---|---|---|------------------------------------|------------------------------------|------------------------------|------------------------------|
| a. Term loans in foreign currency from banks | | | | | | |
| External commercial borrowings | Secured by hypothecation of/charge on specified plant and machinery of the Company. | Quarterly installments completed in April, 2013 | - | Libor + 274 bps to Libor + 350 bps | - | 131.71 |
| External commercial borrowings | Secured by hypothecation of/charge on specified plant and machinery of the Company. | Quarterly installments to be completed in February 2017 | 12 | | 2302.25 | 2782.27 |
| 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 | | 3295.60 | 2987.05 |
| Total | | | | | 5597.85 | 5901.03 |
| Comprises of: | | | | | | |
| Long term borrowings | | | | | 4830.43 | 5247.64 |
| Current maturities of | | | | | | |
| long term borrowings | | | | | 767.42 | 653.39 |
| 11.50% | | | | | 2000.00 | 2000.00 |
| b. Non-convertible debentures | | | | | | |
| | Secured by first pari passu charge on specified plant and machinery of the Company. | Redeemable at par, on 31st May, 2014 | | | | |
| Comprises of: | | | | | | |
| Long term borrowings | | | | | - | 2000.00 |
| Current maturities of long term borrowings | | | | | 2000.00 | - |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
c. Interest free Sales tax loan

| | | | | | |
|---------------------------|---|--|----|----------------|---------|
| Sales tax deferral scheme | - | Annual installments to be completed by May, 2025 | 12 | 1762.36 | 1900.16 |
|---------------------------|---|--|----|----------------|---------|

Comprises of:

| | | |
|--|----------------|---------|
| Long term borrowings | 1530.83 | 1789.19 |
| Current maturities of long term borrowings | 231.53 | 110.97 |

d. Other loans in foreign currency from banks

| | | | | | |
|----------------------|---|-----------------------------|--|----------------|---|
| Capex Buyer's Credit | Secured by hypothecation of/charge on specified plant and machinery of the Company. | Installments in 2015 - 2016 | Libor + 270 bps to Libor + 290 bps | 3494.56 | - |
| | | | Comprises of: | | |
| | | | Long term borrowings | 2857.72 | - |
| | | | Current maturities of long term borrowings | 636.84 | - |

iii) For the amount of current maturities of long term borrowings, refer note 11 - Other current liabilities

NOTE 6 - Deferred Tax Asset /(Liability)

| Nature of timing difference | Deferred tax asset / (liability) as at 31.03.2013 Rs. lacs | Credit/(charge) for the year Rs. lacs | Deferred tax asset/(liability) as at 31.03.2014 Rs. lacs |
|-----------------------------------|---|--|---|
| a) Deferred tax liability | | | |
| Depreciation | (1469.64) | (107.74) | (1577.38) |
| Sub - total | (1469.64) | (107.74) | (1577.38) |
| b) Deferred tax asset | | | |
| Provision for Gratuity | 119.45 | (81.09) | 38.36 |
| Demerger expenses | 6.44 | (0.58) | 5.86 |
| Provision for doubtful debts | 126.10 | 12.66 | 138.76 |
| Voluntary retirement compensation | 69.69 | (20.59) | 49.10 |
| Provision for compensated absence | 178.77 | 14.37 | 193.14 |
| Sub - total | 500.45 | (75.23) | 425.22 |
| Per balance sheet | (969.19) | (182.97) | (1152.16) |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| | As at 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs |
|---|---------------------------------|---------------------------------|
| NOTE 7 - Other long term liabilities | | |
| Income received in advance | 316.50 | - |
| Per balance sheet | 316.50 | - |
| NOTE 8 - Long term provisions | | |
| Provisions for employee benefits: | | |
| Compensated absences | 465.20 | 419.73 |
| Per balance sheet | 465.20 | 419.73 |
| NOTE 9 - Short term borrowings | | |
| a) Loans repayable on demand: | | |
| Cash credit from banks (Refer footnote below) | | |
| Secured | - | 3141.15 |
| b) Other Loans from banks: | | |
| Secured (Refer footnote below) | 2500.00 | 3000.00 |
| Unsecured | 3000.00 | 1500.00 |
| c) Other Loans in foreign currency from banks: | | |
| Secured (Refer footnote below) | 2593.07 | 3162.37 |
| Unsecured | 3853.96 | 2172.40 |
| d) Other Loans: | | |
| Unsecured: Commercial papers | 4500.00 | 2000.00 |
| (Maximum balance outstanding during the year Rs. 7500 lacs; 31.3.2013 Rs. 7500 lacs) | | |
| Per balance sheet | 16447.03 | 14975.92 |

Footnote:

Secured by a pari passu charge on inventories and trade receivables, present and future.

NOTE 10 - Trade payables

| | | |
|--|----------------|---------|
| Trade payables (see footnote below) | | |
| - due to micro enterprises and small enterprises | | |
| - due to others | 7673.62 | 6700.10 |
| Per balance sheet | 7673.62 | 6700.10 |

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 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs |
|---|---------------------------------|---------------------------------|
| NOTE 11 - Other current liabilities | | |
| Current maturities of long-term debt (Refer footnote i below) | | |
| - Term loans in foreign currency from banks | 767.42 | 653.39 |
| - Interest free Sales tax loan | 231.53 | 110.97 |
| - Non - convertible debentures | 2000.00 | - |
| - Other Loans in foreign currency from banks | 636.84 | - |
| Security deposits | 760.80 | 628.45 |
| Interest accrued but not due on borrowings | 152.84 | 132.20 |
| Income received in advance | 83.85 | - |
| Unpaid dividends (unclaimed) (refer footnote ii below) | 15.05 | 17.19 |
| Other Payables | | |
| - Fixed assets (Refer footnote in note 10) | 154.08 | 31.24 |
| - Statutory dues | 611.00 | 710.53 |
| - Advances received | 109.92 | 224.93 |
| - Gratuity | 112.85 | 368.16 |
| - Gratuity in respect of Executive Chairman | 1.00 | 1.00 |
| Per balance sheet | <u>5637.18</u> | <u>2878.06</u> |

Footnotes:

- i. Refer footnote (i) and (ii) in note 5 - Long term borrowings.
- 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 12 - Short term provisions

| | | |
|---|-----------------------|----------------|
| a) Provisions for employee benefits: | | |
| Compensated absences | 103.02 | 131.26 |
| | <u>103.02</u> | <u>131.26</u> |
| b) Provision - Others: | | |
| Taxation (net of advance tax Rs. 1209.97 lacs (as at 31.03.2013 Rs. Nil lacs)) | 237.55 | - |
| Proposed dividend | 1066.15 | 1647.68 |
| Tax on dividend | 170.99 | 269.82 |
| | <u>1474.69</u> | <u>1917.50</u> |
| Per balance sheet | <u>1577.71</u> | <u>2048.76</u> |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 13 - FIXED ASSETS

| | GROSS BLOCK - AT COST | | | | | DEPRECIATION/ AMORTISATION | | | | | NET BLOCK | |
|-----------------------------|--------------------------------|-----------|------------------------|------------|--------------------------------|--------------------------------|--------------|---------------|---------------|--------------------------------|----------------|----------------|
| Description | Opening Balance As at 01.04.13 | Additions | Transfer on demerger * | Deductions | Closing Balance As at 31.03.14 | Opening Balance As at 01.04.13 | For the year | On demerger * | On Deductions | Closing Balance As at 31.03.14 | As at 31.03.14 | As at 31.03.13 |
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| A. Tangible Assets | | | | | | | | | | | | |
| Freehold land | 60.00 | - | - | - | 60.00 | - | - | - | - | - | 60.00 | 60.00 |
| Leasehold land | 177.43 | - | - | - | 177.43 | 15.96 | 2.08 | - | - | 18.04 | 159.39 | 161.47 |
| Buildings and flats | 3977.41 | 201.34 | - | - | 4178.75 | 1354.28 | 112.29 | - | - | 1466.57 | 2712.18 | 2623.13 |
| Plant and equipment | | | | | | | | | | | | |
| (refer note 43) | 37171.27 | 4357.00 | - | 386.13 | 41142.14 | 21988.68 | 3019.03 | - | 277.50 | 24730.21 | 16411.93 | 15182.59 |
| Furniture and fixtures | 660.54 | 14.55 | - | - | 675.09 | 373.96 | 30.48 | - | - | 404.44 | 270.65 | 286.58 |
| Office equipments | 1001.00 | 9.37 | - | - | 1010.37 | 807.76 | 38.98 | - | - | 846.74 | 163.63 | 193.24 |
| Electrical installations | 830.23 | - | - | - | 830.23 | 537.84 | 31.76 | - | - | 569.60 | 260.63 | 292.39 |
| Vehicles | 479.94 | - | - | 19.17 | 460.77 | 294.87 | 35.67 | - | 14.35 | 316.19 | 144.58 | 185.07 |
| Sub Total (A) | 44357.82 | 4582.26 | - | 405.30 | 48534.78 | 25373.35 | 3270.29 | - | 291.85 | 28351.79 | 20182.99 | 18984.47 |
| B. Intangible Assets | | | | | | | | | | | | |
| Computer Software | 425.00 | 57.26 | - | - | 482.26 | 351.07 | 56.40 | - | - | 407.47 | 74.79 | 73.93 |
| Sub Total (B) | 425.00 | 57.26 | - | - | 482.26 | 351.07 | 56.40 | - | - | 407.47 | 74.79 | 73.93 |
| Total (A) + (B) | 44782.82 | 4639.52 | - | 405.30 | 49017.04 | 25724.42 | 3326.69 | - | 291.85 | 28759.26 | 20257.78 | - |
| Previous year | 45759.91 | 2890.89 | 3307.23 | 560.75 | 44782.82 | 25056.77 | 2997.18 | 1798.99 | 530.54 | 25724.42 | - | 19058.40 |
| Capital work-in-progress | | | | | | | | | | | 3303.11 | 1797.52 |
| Per balance sheet | | | | | | | | | | | 23560.89 | 20855.92 |

Footnotes:

- Buildings and flats include:
 - Shares in respect of residential premises of a cost of Rs. 489.80 lacs (as at 31.03.2013 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 31.03.2013 Rs. 750) in co-operative housing societies viz. 5 shares of Rs. 50 each in Vile Parle Vatika Co-operative Housing Society Limited, 5 shares of Rs. 50 each in The Ganesh Villa Co-operative Housing Society Limited and 5 shares of Rs. 50 each in Vinayak Bhavan Co-operative Housing Society Limited.
- Borrowing cost capitalised during the year Rs. 172.86 lacs (year ended 31.03.2013 Rs. 184.32 lacs)

* Refer Note 46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 13 - FIXED ASSETS (PREVIOUS YEAR)

| Description | GROSS BLOCK - AT COST | | | | | DEPRECIATION/AMORTISATION | | | | | NET BLOCK |
|-------------------------------------|--------------------------------|-----------|-------------------------|-------------|--------------------------------|--------------------------------|--------------|----------------|----------------|--------------------------------|----------------|
| | Opening Balance As at 01.04.12 | Additions | Transfer on de-merger * | Deduc-tions | Closing Balance As at 31.03.13 | Opening Balance As at 01.04.12 | For the year | On de-merger * | On Deduc-tions | Closing Balance As at 31.03.13 | As at 31.03.13 |
| | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| A. Tangible Assets | | | | | | | | | | | |
| Freehold land | 60.00 | - | - | - | 60.00 | - | - | - | - | - | 60.00 |
| Leasehold land | 925.59 | - | 748.16 | - | 177.43 | 16.23 | 5.84 | 6.11 | - | 15.96 | 161.47 |
| 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 |
| Plant and equipment (refer note 43) | 37531.87 | 2640.83 | 2501.24 | 500.19 | 37171.27 | 21587.69 | 2666.50 | 1779.70 | 485.81 | 21988.68 | 15182.59 |
| Furniture and fixtures | 566.08 | 94.72 | 0.26 | - | 660.54 | 346.98 | 27.06 | 0.08 | - | 373.96 | 286.58 |
| Office equipments | 988.39 | 27.41 | 14.80 | - | 1001.00 | 764.21 | 45.56 | 2.01 | - | 807.76 | 193.24 |
| Electrical installations | 828.67 | 1.56 | - | - | 830.23 | 504.63 | 33.21 | - | - | 537.84 | 292.39 |
| Vehicles | 496.22 | 27.22 | 7.11 | 36.39 | 479.94 | 289.77 | 37.06 | 0.23 | 31.73 | 294.87 | 185.07 |
| Sub Total (A) | 45419.53 | 2806.27 | 3307.23 | 560.75 | 44357.82 | 24775.93 | 2926.95 | 1798.99 | 530.54 | 25373.35 | 18984.47 |
| B. Intangible Assets | | | | | | | | | | | |
| Computer Software | 340.38 | 84.62 | - | - | 425.00 | 280.84 | 70.23 | - | - | 351.07 | 73.93 |
| Sub Total (B) | 340.38 | 84.62 | - | - | 425.00 | 280.84 | 70.23 | - | - | 351.07 | 73.93 |
| Total (A) + (B) | 45759.91 | 2890.89 | 3307.23 | 560.75 | 44782.82 | 25056.77 | 2997.18 | 1798.99 | 530.54 | 25724.42 | 19058.40 |
| Capital work-in-progress | | | | | | | | | | | 1797.52 |
| Per balance sheet | | | | | | | | | | | 20855.92 |

* Refer Note 46

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
NOTE 14 - NON CURRENT INVESTMENTS

| | Rs. lacs | As at 31.03.2014 Rs. lacs | Rs. lacs | As at 31.03.2013 Rs. lacs |
|---|----------------|---------------------------------|----------|---------------------------------|
| A. Trade | | | | |
| 1. Investments in Equity Instruments | | | | |
| a) of subsidiaries | | | | |
| Quoted | | | | |
| SNL Bearings Limited | | | | |
| 2,652,762 (as at 31.03.2013 2,652,762) | | | | |
| Shares of Rs. 10 each fully paid-up | 239.67 | | 239.67 | |
| Unquoted | | | | |
| NRB Bearings (Thailand) Limited | | | | |
| 10,999,994 (as at 31.03.2013 10,999,994) | | | | |
| Shares of THB 10 each fully paid-up | 1640.56 | | 1640.56 | |
| b) of other entities | | | | |
| Quoted | | | | |
| Indusind Bank Limited | | | | |
| 8,541 (as at 31.03.2013 8,541) | | | | |
| Shares of Rs. 10 each fully paid-up | 0.98 | | 0.98 | |
| Eicher Motors Limited | | | | |
| 600 (as at 31.03.2013 600) | | | | |
| Shares of Rs. 10 each fully paid-up | 0.06 | | 0.06 | |
| Hero Motocorp Limited (formerly known | | | | |
| as Hero Honda Motors Limited) | | | | |
| 6,250 (as at 31.03.2013 6,250) Shares of | | | | |
| Rs. 2 each fully paid-up | 0.05 | | 0.05 | |
| 2. Investments in preference shares of subsidiary Company | | | | |
| Unquoted | | | | |
| SNL Bearings Limited | | | | |
| 1,000,000 (as at 31.03.2013 1,000,000) | | | | |
| 6% Cumulative redeemable preference shares of | | | | |
| Rs. 20 each (as at 31.03.2013 Rs. 40 each) | | | | |
| fully paid-up of which Rs. 15 each (as at 31.03.2013 | | | | |
| Rs. 20 each) is considered as current investments. | 50.00 | | 200.00 | |
| (Refer footnote in note 16) | | | | |
| | | 1931.32 | | 2081.32 |
| B. Non -Trade | | | | |
| 1. Investments in Equity Instruments | | | | |
| Unquoted | | | | |
| 21st Century Battery Limited | | | | |
| 10,000 (as at 31.03.2013 10,000) shares of | | | | |
| Rs. 10 each fully paid-up | 1.00 | | 1.00 | |
| Less: Provision for diminution in value | 1.00 | | 1.00 | |
| | | | | |
| 2. Investments in Mutual funds | | | | |
| Unquoted | | | | |
| DSP Black Rock Equity Fund | | | | |
| 50,000 (as at 31.03.2013 50,000) units of | | | | |
| Rs. 10 each fully paid-up | 5.00 | | 5.00 | |
| | | 5.00 | | 5.00 |
| Per balance sheet | | 1936.32 | | 2086.32 |
| Aggregate amount of quoted investments [market value | | | | |
| Rs. 671.56 lacs (as at 31.03.2013: Rs. 790.84 lacs)] | | 240.76 | | 240.76 |
| Aggregate amount of unquoted investments | | 1695.56 | | 1845.56 |
| | | 1936.32 | | 2086.32 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| | Rs. lacs | As at 31.03.2014 Rs. lacs | Rs. lacs | As at 31.03.2013 Rs. lacs |
|---|----------|---------------------------------|----------|---------------------------------|
| NOTE 15 - Long term loans and advances | | | | |
| (Unsecured, considered good) | | | | |
| Capital Advances | | 1550.81 | | 1421.42 |
| Security deposits | | 308.39 | | 311.73 |
| Loans and advances to employees | | 27.84 | | 40.87 |
| Prepaid expenses | | 56.43 | | 25.41 |
| Income taxes paid | | | | |
| (net of provision for tax Rs. 10692.89 lacs | | | | |
| (as at 31.3.2013 Rs. 10669.90 lacs)) | | 984.71 | | 1007.70 |
| Per balance sheet | | 2928.18 | | 2807.13 |

NOTE 16 - Current investments

(At cost)

Current portion of long-term investments

Investments in preference shares of subsidiary Company

Unquoted

SNL Bearings Limited

1,000,000 (as at 31.03.2013 1,000,000) 6% Cumulative

redeemable preference shares of Rs. 20 each (as at

31.03.2013 Rs. 40 each) fully paid-up of which Rs. 15

each (as at 31.03.2013 Rs. 20 each) is considered as

current investments.

Per balance sheet

Aggregate amount of unquoted investments

| | |
|---------------|--------|
| 150.00 | 200.00 |
| 150.00 | 200.00 |
| 150.00 | 200.00 |

Footnote:

The Company has in its Board meeting dated 22nd May, 2014, accepted the proposal of its Subsidiary to change the redemption terms of Preference Shares, earlier scheduled to be fully redeemed on 18th June, 2014. As per the revised terms, Rs. 150 lacs will be redeemed on 18th June, 2014 and the balance of Rs.50 lacs will be redeemed equally over the period of two years on 18th June, 2015 and 18th June, 2016 with an enhanced coupon rate of 11% p.a. effective 18th June, 2014 till its redemption. Accordingly, investment of Rs.150 lacs in Preference Shares of Subsidiary is classified as Current and balance of Rs. 50 lacs is classified as Non-Current.

NOTE 17 - Inventories

(at lower of cost and net realisable value)

| | | | |
|--|-----------------|---------|----------|
| (a) Raw materials | 3781.95 | 3295.91 | |
| Goods-in-transit | 114.39 | 65.05 | |
| | 3896.34 | | 3360.96 |
| (b) Work-in-progress | 3432.17 | | 3482.69 |
| (c) Finished goods (other than those acquired for trading) | 4352.76 | | 5018.05 |
| (d) Stock-in-trade (acquired for trading) - lubricant | 1.97 | | 3.29 |
| (e) Stores and spares | 1466.31 | | 1555.20 |
| Per balance sheet | 13149.55 | | 13420.19 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| | Rs. lacs | As at 31.03.2014 Rs. lacs | Rs. lacs | As at 31.03.2013 Rs. lacs |
|--|----------------|---------------------------------|----------|---------------------------------|
| Footnotes: | | | | |
| i) Raw Materials comprise of: | | | | |
| Steel | 2609.75 | | 2279.18 | |
| Brass | 15.06 | | 14.93 | |
| Components | 1174.88 | | 966.64 | |
| Packing materials | 96.65 | | 100.21 | |
| TOTAL | 3896.34 | | 3360.96 | |
| ii) Work-in-progress comprise of: | | | | |
| Loose needle rollers | 160.70 | | 133.49 | |
| Needle roller bushes & cages | 159.66 | | 304.26 | |
| Ball & roller bearings | 125.80 | | 119.53 | |
| Automobile components | 21.54 | | 140.51 | |
| Manufactured Components | 2964.47 | | 2784.90 | |
| TOTAL | 3432.17 | | 3482.69 | |
| iii) Finished goods comprise of: | | | | |
| Loose needle rollers | 371.34 | | 474.80 | |
| Needle roller bushes & cages | 1606.76 | | 1698.31 | |
| Ball & roller bearings | 1866.52 | | 2292.76 | |
| Automobile components | 508.14 | | 552.18 | |
| TOTAL | 4352.76 | | 5018.05 | |

NOTE 18-Trade receivables

Trade receivables outstanding for a period exceeding six months from the date they were due for payment:

| | | | | |
|--------------------------------|----------------|----------------|---------|---------|
| Secured, considered good | 0.25 | | 2.38 | |
| Unsecured, considered good | 3831.70 | | 1629.61 | |
| Unsecured, considered doubtful | 408.22 | | 388.64 | |
| | 4240.17 | | 2020.63 | |
| Provision for doubtful debts | 408.22 | | 388.64 | |
| | | 3831.95 | | 1631.99 |

Other trade receivables:

| | | | | |
|----------------------------|-----------------|-----------------|----------|----------|
| Secured, considered good | 174.05 | | 144.68 | |
| Unsecured, considered good | 15107.39 | | 13973.29 | |
| | | 15281.44 | | 14117.97 |
| Per balance sheet | | 19113.39 | | 15749.96 |

NOTE 19 - Cash and cash equivalents

| | | | | |
|--|---------------|--|--------|--|
| Cash on hand | 3.91 | | 3.62 | |
| Cheques on hand | 4.54 | | 7.26 | |
| Balances with banks: | | | | |
| In current accounts | 468.57 | | 308.98 | |
| In deposit account | 18.68 | | 17.92 | |
| In earmarked accounts: | | | | |
| Unpaid dividend accounts | 15.05 | | 17.19 | |
| Per balance sheet | 510.75 | | 354.97 | |
| Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is | 495.70 | | 337.78 | |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| | Rs. lacs | As at 31.03.2014 Rs. lacs | Rs. lacs | As at 31.03.2013 Rs. lacs |
|---|-----------------|---|-----------------|---|
| NOTE 20 - Short term loans and advances | | | | |
| (Unsecured, considered good) | | | | |
| Loans and Advances to related parties | | 865.70 | | - |
| Loans and advances to employees | | 57.11 | | 57.33 |
| Advance sales tax | | 468.11 | | 754.04 |
| Other loans and advances | | 2418.95 | | 1015.12 |
| Prepaid expenses | | 189.91 | | 100.74 |
| CENVAT/ Service tax credit receivable | | 805.84 | | 712.03 |
| Per balance sheet | | 4805.62 | | 2639.26 |
| NOTE 21 - Other current assets | | | | |
| Interest receivable | | 0.35 | | 0.54 |
| Per balance sheet | | 0.35 | | 0.54 |
| | | Year ended 31.03.2014 Rs. lacs | Rs. lacs | Year ended 31.03.2013 Rs. lacs |
| NOTE 22 - Revenue from operations | | | | |
| Sale of products | | 63552.40 | | 62169.26 |
| Other operating revenues: | | | | |
| Sale of scrap | 689.52 | | 768.57 | |
| Duty drawback and export incentives | 541.26 | | 328.38 | |
| | | 1230.78 | | 1096.95 |
| | | 64783.18 | | 63266.21 |
| Less: Excise Duty | | 5333.79 | | 5312.88 |
| Per statement of profit and loss | | 59449.39 | | 57953.33 |
| Revenue from operations comprise of: | | | | |
| Loose needle rollers | 2816.19 | | 2534.70 | |
| Needle roller bushes & cages | 25238.82 | | 24151.41 | |
| Ball & roller bearings | 21171.88 | | 22608.66 | |
| Automobile components | 8991.72 | | 7504.08 | |
| Traded goods - lubricants | - | | 57.53 | |
| | 58218.61 | | 56856.38 | |
| Other operating revenues | 1230.78 | | 1096.95 | |
| Total | 59449.39 | | 57953.33 | |
| NOTE 23 - Other income | | | | |
| Agency Commission | | - | | 48.87 |
| Dividend income | | | | |
| From long term investments | | | | |
| - Trade | 64.01 | | 81.35 | |
| - Others | 4.25 | | 0.80 | |
| | | 68.26 | | 82.15 |
| Net gain on foreign currency transactions and translation | | 162.76 | | 258.39 |
| Profit on sale of fixed assets (net) | | 79.94 | | 78.34 |
| Rent | | 48.15 | | 36.24 |
| Provision for doubtful debts | | - | | 223.55 |
| Other non-operating income | | 97.51 | | 138.83 |
| Per statement of profit and loss | | 456.62 | | 866.37 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| | Rs. lacs | Year ended 31.03.2014 Rs. lacs | Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|--|-----------------|--------------------------------------|----------|--------------------------------------|
| NOTE 24A - Cost of materials consumed | | | | |
| Opening Stock | | 3360.96 | | 2977.80 |
| Add: Purchases | | 24046.78 | | 24279.40 |
| Less: Transfer of inventory on account of demerger (Refer Note 46) | | - | | 311.86 |
| | | 27407.74 | | 26945.34 |
| Less: Closing stock | | 3896.34 | | 3360.96 |
| Per statement of profit and loss | | 23511.40 | | 23584.38 |
| Materials consumed comprise of: | | | | |
| Steel | 8304.62 | | 7933.27 | |
| Brass | 81.16 | | 176.58 | |
| Components | 13807.91 | | 14123.84 | |
| Packing Material | 1317.71 | | 1350.69 | |
| Total | 23511.40 | | 23584.38 | |
| NOTE 24B - Purchase of Stock-in-Trade | | | | |
| Lubricant | | - | | 44.61 |
| Per statement of profit and loss | | - | | 44.61 |
| NOTE 24C - Changes in inventories of finished goods, work-in-progress, stock-in-trade | | | | |
| Opening stocks: | | | | |
| Work - in - progress | | 3482.69 | | 3665.97 |
| Finished goods | | 5018.05 | | 4506.70 |
| Stock - in - trade | | 3.29 | | 14.06 |
| | | 8504.03 | | 8186.73 |
| Closing stocks: | | | | |
| Work - in - progress | | 3432.17 | | 3482.69 |
| Finished goods | | 4352.76 | | 5018.05 |
| Stock - in - trade | | 1.97 | | 3.29 |
| | | 7786.90 | | 8504.03 |
| Transfer of inventory on account of demerger (Refer Note 46) | | - | | (1140.70) |
| Per statement of profit and loss - Net (increase) / decrease | | 717.13 | | (1458.00) |
| NOTE 25 - Employee benefit expenses | | | | |
| Salaries, wages and bonus | | 7727.32 | | 7789.18 |
| Contribution to provident and other funds | | 641.78 | | 829.01 |
| Staff welfare | | 869.27 | | 861.13 |
| Per statement of profit and loss | | 9238.37 | | 9479.32 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| | Rs. lacs | Year ended 31.03.2014 Rs. lacs | Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|--|----------------|--------------------------------------|----------|--------------------------------------|
| NOTE 26 - Finance costs | | | | |
| Interest | | | | |
| On fixed loans | 491.28 | | 729.46 | |
| On others | 1201.66 | | 1092.02 | |
| | | 1692.94 | | 1821.48 |
| Other borrowing costs | | 56.04 | | 34.82 |
| | | 1748.98 | | 1856.30 |
| Less: Interest income | | | | |
| From banks on deposits | 1.58 | | 124.21 | |
| On loans and advances | 28.13 | | 0.66 | |
| | | 29.71 | | 124.87 |
| Per statement of profit and loss | | 1719.27 | | 1731.43 |
| NOTE 27 - Other expenses | | | | |
| Consumption of stores and spare parts | | 4844.62 | | 5406.77 |
| Processing charges | | 1670.67 | | 1889.49 |
| Power and fuel | | 2422.92 | | 2674.36 |
| Repairs and maintenance - | | | | |
| Buildings | 238.41 | | 146.31 | |
| Plant and machinery | 386.41 | | 261.03 | |
| Others | 63.67 | | 113.64 | |
| | | 688.49 | | 520.98 |
| Insurance | | 60.65 | | 65.99 |
| Rent | | 16.32 | | 33.83 |
| Rates and taxes | | 85.94 | | 126.69 |
| Legal and professional fees | | 615.28 | | 358.96 |
| Directors' fees and commission | | 9.75 | | 15.00 |
| Commission on sales | | 794.57 | | 459.60 |
| Sales discount | | 125.90 | | 123.29 |
| Travelling and conveyance | | 705.56 | | 693.40 |
| Postage, telephone and fax | | 79.43 | | 88.05 |
| Bank charges | | 54.85 | | 45.28 |
| Advertisement and sales promotion expenses | | 123.51 | | 144.49 |
| Forwarding charges | | 2338.12 | | 2829.46 |
| Bad debts written off | | 0.05 | | 7.17 |
| Provision for doubtful debts | | 19.58 | | - |
| Lease rent | | 64.73 | | 67.76 |
| IT expenses | | 356.93 | | 203.40 |
| Excise duty on Increase/ (decrease) in inventories of finished goods | | (171.95) | | 134.69 |
| Auditors' remuneration (see footnote below) | | 52.64 | | 44.46 |
| Miscellaneous expenses | | 963.01 | | 1003.12 |
| Per statement of profit and loss | | 15921.57 | | 16936.24 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| | Year ended 31.03.2014 Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|---|--------------------------------------|--------------------------------------|
| Footnote: Details of Auditors' Remuneration: (excluding service tax) | | |
| Audit fees | 22.50 | 21.00 |
| Report under section 44AB of the Income-tax Act, 1961 | 3.25 | 2.90 |
| Taxation matters | 3.00 | - |
| Other services | | |
| - Statute | 19.60 | 20.10 |
| - Others | 4.00 | - |
| Reimbursement of expenses | 0.29 | 0.46 |
| Total | 52.64 | 44.46 |

| | As at 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs |
|---|---------------------------------|---------------------------------|
| NOTE 28 - Contingent liabilities not provided for: | | |
| a) Income Tax | 1077.66 | 1259.13 |
| b) Sales Tax | 230.25 | 46.01 |
| c) Customs Duty | 158.87 | 158.87 |
| d) Bank guarantees | 37.56 | 19.98 |
| e) Stand by letter of credit given to bank on behalf of a subsidiary Company | 606.79 | 864.25 |
| f) Corporate guarantees issued on behalf of subsidiary companies / group Company | 7481.38 | 9064.60 |

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

NOTE 29

Estimated amount of contracts remaining to be executed on
capital account and not provided for

1462.55 4370.80

| | Year ended 31.03.2014 Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|--|--------------------------------------|--------------------------------------|
|--|--------------------------------------|--------------------------------------|

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

(credited) / debited to the statement of profit and loss is

(162.76) (258.39)

NOTE 31 - Expenditure on research and development :

| | | |
|---|--------|--------|
| (i) Charged to the statement of profit & loss | 702.70 | 593.78 |
| (ii) Capitalized to fixed asset | 48.67 | 100.74 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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 :

| | Rs. lacs Within India | Rs. lacs Outside India | Rs. lacs Total |
|---------------------------|--|---|---------------------------------|
| Revenue from operations | 45199.30 | 14250.09 | 59449.39 |
| | (42652.34) | (15300.99) | (57953.33) |
| Total Assets | 51730.14 | 14424.91 | 66155.05 |
| | (47765.14) | (10349.15) | (58114.29) |
| Additions to fixed assets | 4639.52 | - | 4639.52 |
| | (2890.89) | (-) | (2890.89) |

Footnote:

Figures in brackets are in respect of the previous year.

NOTE 33 - 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 NRB Bearings (Thailand) Limited NRB Industrial Bearings Limited (till 30.9.2012) 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 Mr. D. S. Sahney, Whole time Director (till 30.9.2012) 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
B) Related Party Transactions:

| Name of the related parties | Nature of Transactions | Volume of Transactions Rs. lacs | Receivable as at 31.03.14 Rs. lacs | Payable as at 31.03.14 Rs. lacs |
|--|---|--|---|--|
| SNL Bearings Limited | Sale of raw materials / fixed assets etc. | 124.25 (50.66) | | |
| | Purchase of raw materials /fixed assets etc. | 1253.37 (1334.68) | - (-) | 331.11 (158.21) |
| | Proceeds from redemption of cumulative redeemable preference shares | 200.00 (200.00) | - (-) | - (-) |
| | Guarantee given by NRB Bearings Ltd. | - (-) | - (350.00) | - (-) |
| NRB Bearings (Thailand) Limited | Sale of raw materials / fixed assets etc. | 852.48 (739.35) | 2924.79 (1165.27) | - (-) |
| | Purchase of raw materials /fixed assets etc. | 464.09 (304.81) | | |
| | Inter Corporate deposit given | 248.70 (-) | | |
| | Investment made in equity shares | - (1040.92) | - (-) | - (-) |
| | Interest received on Inter Corporate deposit | 18.52 (-) | - (-) | - (-) |
| | Stand by letter of credit given by NRB Bearings Ltd. | - (-) | 606.79 (864.25) | - (-) |
| | Guarantee given by NRB Bearings Ltd. | - (-) | 1125.58 (1382.75) | - (-) |
| NRB Industrial Bearings Limited (Refer Note 46) | Sale of raw materials / fixed assets etc. | 366.14 (215.92) | | |
| | Purchase of raw materials /fixed assets etc. | 522.00 (-) | 1727.19 (796.12) | - (-) |
| | Inter Corporate deposit given | 617.00 (-) | | - (-) |
| | Commission paid | - (2.58) | - (-) | - (-) |
| | Inter Corporate deposit taken | - (1000.00) | - (-) | - (-) |
| | Inter Corporate deposit repaid | - (1000.00) | - (-) | - (-) |
| | Interest paid on Inter Corporate deposit | - (6.48) | - (-) | - (-) |
| | Interest received on Inter Corporate deposit | 9.61 (-) | - (-) | - (-) |
| | Guarantee given by NRB Bearings Ltd. | - (7331.85) | 6355.80 (7331.85) | - (-) |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Name of the related parties | Nature of Transactions | Volume of Transactions Rs. lacs | Receivable as at 31.03.14 Rs. lacs | Payable as at 31.03.14 Rs. lacs |
|------------------------------------|--|------------------------------------|--|---------------------------------------|
| NRB IBC Bearings Private Limited | Inter Corporate deposit given | - | - | - |
| | | (50.00) | (-) | (-) |
| | Interest received on Inter Corporate deposit | - | - | - |
| | | (0.66) | (-) | (-) |
| Mr. T. S. Sahney | Remuneration | 155.04 | - | 39.58 |
| | | (152.08) | (-) | (54.00) |
| | Purchase of equity shares in a subsidiary | - | - | - |
| Ms. H. S. Zaveri | | (4.00) | (-) | (-) |
| | Remuneration | 174.84 | - | 25.85 |
| | | (161.56) | (-) | (25.00) |
| Mr. D. S. Sahney | Remuneration | - | - | - |
| | | (49.01) | (-) | (10.25) |
| | Sale of vehicle | - | - | - |
| | | (3.82) | (-) | (-) |
| | Purchase of equity shares in a subsidiary | - | - | - |
| | | (1.00) | (-) | (-) |
| Mr. S. C. Rangani | Remuneration | 65.32 | - | - |
| | | (25.26) | (-) | (-) |
| | | | | |
| New Indo Trading Company | Service Charges Paid | 5.00 | - | - |
| | | (5.52) | (-) | (1.29) |
| Schneeberger India Private Limited | Reimbursement of expenses | - | - | - |
| | | (0.42) | (-) | (-) |
| | Rent received | - | - | - |
| | | (5.23) | (-) | (-) |

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

| Name | Balance as at 31.03.2014 Rs. lacs | Maximum amount outstanding during the year ended 31.03.2014 Rs. lacs |
|---|--------------------------------------|--|
| Loans and advances in the nature of loans to subsidiary / group companies- | | |
| NRB Industrial Bearings Limited | 617.00 | 617.00 |
| | (-) | (1000.00) |
| NRB IBC Bearings Private Limited | - | - |
| | (-) | (50.00) |
| NRB Bearings (Thailand) Limited | 248.70 | 280.35 |
| | (-) | (-) |

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

NOTE 34 - 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 31.03.2014 aggregated Rs. 64.73 lacs (for the year ended 31.03.2013: Rs. 67.76 lacs). The minimum lease payments to be made in future as at the year end, in respect of non-cancellable lease are follows:

| | Year ended 31.03.2014 Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|---|--------------------------------------|--------------------------------------|
| (i) For a period not later than one year | 46.83 | 43.14 |
| (ii) For a period later than one year and not later than five years | 48.86 | 65.26 |
| (iii) For a period later than five years | - | - |

NOTE 35 - Value used in calculating Earnings Per Share

| | | |
|---|-----------------|----------|
| (i) Profit after tax (Rs. in lacs) | 3818.11 | 4703.57 |
| (ii) Number of Equity Shares | 96922600 | 96922600 |
| (iii) Par value per share (Rs.) | 2 | 2 |
| (iv) Earnings per share - Basic and diluted (Rs.) | 3.94 | 4.85 |

NOTE 36 - Value of imported and indigenous materials consumed

| | Year ended 31.03.2014 Rs. lacs | Percentage (%) | Year ended 31.03.2013 Rs. lacs | Percentage (%) |
|--------------|-----------------------------------|-------------------|-----------------------------------|-------------------|
| Imported | 6693.72 | 28 | 6551.72 | 28 |
| Indigenous | 16817.68 | 72 | 17032.66 | 72 |
| TOTAL | 23511.40 | 100 | 23584.38 | 100 |

NOTE 37 - Value of imported and indigenous Stores & spare parts consumed

| | | | | |
|--------------|----------------|------------|---------|-----|
| Imported | 972.82 | 20 | 900.31 | 17 |
| Indigenous | 3871.80 | 80 | 4506.46 | 83 |
| TOTAL | 4844.62 | 100 | 5406.77 | 100 |

NOTE 38 - CIF value of imports

| | Year ended 31.03.2014 Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|---------------------------------|--------------------------------------|--------------------------------------|
| i) Raw materials and components | 6893.06 | 6199.16 |
| ii) Stores and spare parts | 1019.48 | 991.15 |
| iii) Capital Goods | 3217.45 | 1086.98 |

| | |
|-------------------|------------|
| Year ended | Year ended |
| 31.03.2014 | 31.03.2013 |
| Rs. lacs | Rs. lacs |

NOTE 39 - Expenditure in foreign currency

| | | |
|------------------------------------|---------------|--------|
| i) Foreign travel | 265.84 | 164.22 |
| ii) Commission on exports | 305.55 | 220.33 |
| iii) Interest | 505.67 | 508.59 |
| iv) Salary | 105.53 | 251.76 |
| v) Professional fees | 621.06 | 350.76 |
| vi) Freight and forwarding charges | 291.54 | - |

NOTE 40 - Earnings in foreign exchange:

| | | |
|---|-----------------|----------|
| i) Export of goods calculated on F.O.B basis | 13152.21 | 14972.61 |
| ii) Reimbursement of insurance and freight on exports | 556.62 | 874.07 |
| iii) Agency commission | - | 48.87 |

NOTE 41 - Financial and Derivative Instruments

i) Forward Exchange Contracts entered into by the Company that are outstanding as at 31.03.2014:

| Currency | Amount in foreign currency | Buy/Sell | Cross Currency |
|-----------------|-----------------------------------|-----------------------|-----------------------|
| USD | 250,000 (3,243,215) | Buy (Buy) | INR (INR) |
| Euro | - (350,000) | - (Buy) | - (USD) |
| Euro | 277,000 (325,000) | Buy (Buy) | INR (INR) |
| JPY | - (6,033,400) | - (Sell) | - (USD) |
| Euro | 190,574 (584,555) | Sell (Sell) | USD (USD) |
| USD | - (75,000) | - (Sell) | - (INR) |

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

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

| | |
|--|-------------------|
| No. of contracts | - (2) |
| Principal amount in US Dollars | - (60,628) |
| Equivalent rupees at year end rate in Rs. Lacs | - (3.03) |
| Principal amount in yen (cross currency swap in US Dollars) | - (25,827,724) |
| Equivalent dollars at year end rate | - (242,514) |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

iii) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts: 2 (as at 31.3.2013: 3)

iv) Foreign currency exposures that have not been hedged by a derivative instrument or other wise outstanding as at 31.03.2014:

| | Currency | Amount | Equivalent Rs. lacs as at year end |
|--|-----------------|-------------------|---|
| a) Amount receivable in foreign currency : | | | |
| Export of goods | USD | 11,892,127 | 7124.57 |
| | | (10,075,169) | (5470.82) |
| | EURO | 3,949,895 | 3249.58 |
| | | (3,548,043) | (2468.37) |
| b) Amounts payable in foreign currency : | | | |
| Import of goods | JPY | 51,321,670 | 342.10 |
| | | (17,033,636) | (98.10) |
| | EURO | 774,210 | 608.49 |
| | | (849,018) | (590.83) |
| | USD | 374,327 | 221.81 |
| | | (321,188) | (174.44) |
| | CHF | 197,724 | 136.71 |
| | | (3,785) | (2.16) |
| Capital Imports | EURO | 65,858 | 56.83 |
| | | (-) | (-) |
| | USD | - | - |
| | | (8,635) | (4.69) |
| Loans payable | USD | 25,933,639 | 15539.44 |
| | | (20,627,646) | (11232.77) |

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

NOTE 42 - 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 :

| | Year ended 31.03.2014 Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|---|---|---|
| i) Employer's Contribution to Provident Fund | 285.80 | 234.89 |
| ii) Employer's Contribution to Family Pension Fund | 91.36 | 83.13 |
| iii) Employer's Contribution to Superannuation Fund | 116.63 | 125.55 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
2) Defined Benefit Plans :

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

| Particulars | 2013 - 14 Rs. lacs | 2012 - 13 Rs. lacs |
|--|--|-------------------------------|
| i) Components of employer expenses | | |
| a) Current Service cost | 103.22 | 82.80 |
| b) Interest cost | 168.57 | 147.73 |
| c) Expected return on plan assets | (145.74) | (105.14) |
| d) Actuarial Losses/ (Gains) | (13.20) | 242.77 |
| Total expenses recognised in the Statement of Profit and Loss | 112.85 | 368.16 |
| ii) Actual Contribution and Benefit Payments for year | | |
| a) Actual benefit payments | 123.42 | 105.59 |
| b) Actual Contributions | 368.16 | 515.47 |
| iii) Change in Defined Benefit Obligations (DBO) during the year | | |
| a) Present Value of DBO at the beginning of the year | 2043.32 | 1737.97 |
| b) Current Service cost | 103.22 | 82.80 |
| c) Interest cost | 168.57 | 147.73 |
| d) Actuarial Losses/ (Gains) | (35.47) | 180.41 |
| e) Benefits paid | (123.42) | (105.59) |
| Present Value of DBO at the end of the year | 2156.22 | 2043.32 |
| iv) Change in Fair Value of Assets during the year | | |
| a) Plan assets at beginning of the year | 1675.16 | 1222.50 |
| b) Expected return on plan assets | 145.74 | 105.14 |
| c) Actuarial (Losses)/ Gains | (22.27) | (62.36) |
| d) Actual Company contributions | 368.16 | 515.47 |
| e) Fair Value of benefits paid | (123.42) | (105.59) |
| Fair value of plan assets at the end of year | 2043.37 | 1675.16 |
| v) Contribution expected to be paid next year | 213.73 | 212.03 |
| vi) Actuarial Assumptions | | |
| a) Discount Rate | 9.36% | 8.25% |
| b) Expected rate of return on Plan assets | 8.70% | 8.70% |
| c) Salary escalation | 6% - 10% | 6% - 10% |
| d) Mortality Table | Indian Assured Lives Mortality (2006-08) Ultimate | LIC (1994-96) Ultimate |
| e) Attrition rate | 2% - 10% | 2% - 10% |
| vii) The major categories of plan assets - Insurer Managed Funds | 100.00% | 100.00% |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs | As at 31.03.2012 Rs. lacs | As at 31.03.2011 Rs. lacs | As at 31.03.2010 Rs. lacs |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| viii) Net asset/(liability) recognised in balance sheet | | | | | |
| a) Defined Benefit Obligation | (2156.22) | (2043.32) | (1737.97) | (1359.94) | (1232.88) |
| b) Fair Value of Plan assets | 2043.37 | 1675.16 | 1222.50 | 1212.40 | 1107.83 |
| c) Net asset/(liability) recognised in balance sheet | (112.85) | (368.16) | (515.47) | (147.54) | (125.05) |
| d) Experience adjustment arising on : | | | | | |
| 1) Plan Liabilities [Losses / (Gains)] | 97.29 | 67.91 | 111.21 | (32.42) | 97.54 |
| 2) Plan Assets [(Losses) / Gains] | (22.27) | (62.36) | 36.83 | (11.45) | 66.62 |

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
- (i) Compensated Expenses recognised in the statement of profit and loss for the year, under employee benefit expense, is Rs. 85.33 lacs (for the year ended 31.03.2013 : Rs. 148.84 lacs).
 - (ii) Actuarial Assumptions used:

| | As at 31.03.2014 | As at 31.03.2013 |
|---|--|------------------------|
| a) Discount Rate | 9.36% | 8.25% |
| b) Expected rate of return on Plan assets | 8.70% | 8.70% |
| c) Salary escalation | 6% - 10% | 6% - 10% |
| d) Mortality Table | Indian Assured Lives Mortality (2006-08) Ultimate | LIC (1994-96) Ultimate |
| e) Attrition rate | 2% -10% | 2% - 10% |

NOTE 43

Pursuant to the notification issued by the Central Government extending the applicability of amendment to Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates' upto March 31, 2020, which provides an option for adjustment of foreign exchange gain / loss arising on long term foreign currency borrowings against the carrying value of related fixed assets, the Company has continued to exercise the option and has adjusted exchange loss aggregating Rs. 519.38 lacs (for the year ended 31.03.2013 : Rs. 537.02 lacs) against the carrying value of fixed assets. The balance amount, based on aforesaid adjustments, of plant and machinery to be amortised, as at the year-end, aggregates Rs. 1042.05 lacs (Previous year Rs.709 lacs).

NOTE 44

The Company has an investment of Rs. 1640.56 lacs in equity shares of NRB Bearings (Thailand) Limited (NRB, Thailand) a wholly owned subsidiary, whose net worth has eroded as per the latest audited financial statements as at 31st March, 2014. To strengthen the operations and financial health of NRB, Thailand, the Company has initiated several measures to increase sales (via new customer acquisition and increased penetration of the existing customer base) and improve cash flows. Significant efforts are being implemented to mine synergies between the Company and NRB, Thailand thus improving efficiencies and profitability of NRB, Thailand. The Company is committed to NRB, Thailand as a key investment to achieve its overall growth plan. Therefore, in view of the Management, the diminution in value of investments in NRB, Thailand is temporary.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**NOTE 45**

The Company entered into a joint venture agreement with Schneeberger Holding AG, Switzerland to act as its exclusive agent in India and formed a joint venture Company with effect from 15th February, 2008 for which NRB Bearings Limited 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 46). The proportionate share in assets, liabilities, income & expenditure of the joint venture Company as on 30th September, 2012 is given below :

| Name of The Joint venture Company | Percentage of holding | Assets | Liabilities | Income | Expenditure |
|---|------------------------------|---------------|--------------------|---------------|--------------------|
| Schneeberger India Private Limited (incorporated in India) | - (45%) | - (52.56) | - # (0.34) | - (46.14) | - (14.74) |

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 46

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 statements 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.

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. Nil (for the year ended 31.03.2013 : 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.

NOTE 47

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

Signature to Notes

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

H. S. Zaveri
Managing Director & President

S. C. Rangani
Executive Director &
Company Secretary

K. S. Pant

Tashwinder Singh

Tanushree Bagrodia
Chief Financial Officer

Uday Khanna
Directors

D. S. Sahney

Mumbai : 22nd May, 2014

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF NRB BEARINGS LIMITED**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **NRB BEARINGS LIMITED** (the "Company"), its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, 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 separate financial statements 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, 2014;
- (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 one subsidiary, whose financial statements reflect total assets (net) of Rs. 5,021 lacs as at 31st March, 2014, total income from Operations of Rs.1,677.45 lacs and net cash outflow amounting to Rs. 8.57 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, 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

(Firm's Registration No. 117365W)

Saira Nainar

(Partner)

(Membership No. 040081)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

| | Note No. | Rs. lacs | As at 31.03.2014 Rs. lacs | Rs. lacs | As at 31.03.2013 Rs. lacs |
|--|----------|-----------------|------------------------------|----------|------------------------------|
| I EQUITY AND LIABILITIES | | | | | |
| (1) Shareholders' Funds | | | | | |
| (a) Share Capital | 2 | | 1938.45 | | 1938.45 |
| (b) Reserves and Surplus | 3 | | 19966.22 | | 17855.40 |
| (c) Minority interest | | | | | |
| (i) Share capital | | 95.88 | | 95.88 | |
| (ii) Reserves and surplus | | 75.24 | | (11.20) | |
| - Brought forward balance | | 71.32 | | 86.44 | |
| - Transferred from consolidated statement of profit & loss account | | 146.56 | 242.44 | 75.24 | 171.12 |
| | | | 20208.66 | | 18026.52 |
| | | | 22147.11 | | 19964.97 |
| (2) Non-Current Liabilities | | | | | |
| (a) Long term borrowings | 4 | 9675.87 | | 9593.00 | |
| (b) Deferred tax liabilities (Net) | 5 | 1232.91 | | 1015.38 | |
| (c) Other Long term liabilities | 6 | 322.61 | | - | |
| (d) Long term provisions | 7 | 489.59 | | 441.82 | |
| | | | 11720.98 | | 11050.20 |
| (3) Current Liabilities | | | | | |
| (a) Short term borrowings | 8 | 17925.20 | | 16420.22 | |
| (b) Trade payables | 9 | 7289.49 | | 6866.28 | |
| (c) Other current liabilities | 10 | 7023.64 | | 3360.14 | |
| (d) Short-term provisions | 11 | 1593.82 | | 2065.95 | |
| | | | 33832.15 | | 28712.59 |
| Total | | | 67700.24 | | 59727.76 |
| II ASSETS | | | | | |
| (1) Non-current assets | | | | | |
| (a) Fixed assets | 12 | | | | |
| (i) Tangible assets | | 23201.33 | | 21735.20 | |
| (ii) Intangible assets | | 77.88 | | 79.49 | |
| (iii) Capital work-in-progress | | 3834.94 | | 1932.92 | |
| | | 27114.15 | | 23747.61 | |
| (b) Goodwill arising on consolidation | | 47.75 | | 47.75 | |
| (c) Non-current investments | 13 | 6.09 | | 6.09 | |
| (d) Long term loans and advances | 14 | 3014.50 | | 2959.91 | |
| | | | 30182.49 | | 26761.36 |
| (2) Current assets | | | | | |
| (a) Inventories | 15 | 14503.02 | | 14751.79 | |
| (b) Trade receivables | 16 | 18419.13 | | 15147.88 | |
| (c) Cash and Cash Equivalents | 17 | 576.15 | | 330.55 | |
| (d) Short-term loans and advances | 18 | 4019.10 | | 2735.64 | |
| (e) Other current assets | 19 | 0.35 | | 0.54 | |
| | | | 37517.75 | | 32966.40 |
| Total | | | 67700.24 | | 59727.76 |

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

T. S. Sahney
Executive Chairman

H. S. Zaveri
Managing Director & President

Saira Nainar
Partner

S. C. Rangani
Executive Director &
Company Secretary

K. S. Pant

Tashwinder Singh

Mumbai: 22nd May, 2014

Tanushree Bagrodia
Chief Financial Officer

Uday Khanna
Directors

D. S. Sahney

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

| Particulars | Note No. | For the Year ended 31.03.2014 | | For the Year ended 31.03.2013 | |
|---|----------|-------------------------------|-----------------|-------------------------------|-----------|
| | | Rs. lacs | Rs. lacs | Rs. lacs | Rs. lacs |
| I. Revenue from operations (gross) | | 66191.76 | | 64604.81 | |
| Less: Excise duty | | 5443.81 | | 5441.45 | |
| Revenue from operations (net) | 20 | | 60747.95 | | 59163.36 |
| II. Other Income | 21 | | 285.65 | | 888.57 |
| III. TOTAL REVENUE (I + II) | | | 61033.60 | | 60051.93 |
| IV. EXPENDITURE | | | | | |
| Cost of material consumed | 22 | | 22804.07 | | 22763.17 |
| Purchase of Stock-in-Trade | | | - | | 44.61 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 23 | | 591.37 | | (1638.13) |
| Employee benefit expense | 24 | | 10097.97 | | 10199.45 |
| Finance costs | 25 | | 1861.46 | | 1861.66 |
| Depreciation and amortization expense | 12 | | 3558.38 | | 3208.33 |
| Other expenses | 26 | | 16939.93 | | 17789.05 |
| Total Expenses | | | 55853.18 | | 54228.14 |
| V. PROFIT BEFORE TAX (III - IV) | | | 5180.42 | | 5823.79 |
| VI. Tax expense: | | | | | |
| - Current tax | | 1570.16 | | 1333.54 | |
| - In respect of earlier years | | 22.98 | | (245.60) | |
| Net current tax expense | | 1593.14 | | 1087.94 | |
| - Deferred tax | | 144.26 | | (68.91) | |
| - In respect of earlier years | | 73.27 | | - | |
| Net deferred tax (income)/expense | | 217.53 | | (68.91) | |
| | | | 1810.67 | | 1019.03 |
| VII. PROFIT AFTER TAX (V - VI) | | | 3369.75 | | 4804.76 |
| Parent Company's share | | | 3298.43 | | 4718.32 |
| Minority | | | 71.32 | | 86.44 |
| Earnings per share (of Rs. 2 each) (Refer note 35) | | | | | |
| Basic, as well as diluted (In Rs.) | | | 3.40 | | 4.87 |

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

T. S. Sahney
Executive Chairman

H. S. Zaveri
Managing Director & President

S. C. Rangani
Executive Director &
Company Secretary

K. S. Pant

Tashwinder Singh

Saira Nainar
Partner

Tanushree Bagrodia
Chief Financial Officer

Uday Khanna

D. S. Sahney

Directors

Mumbai: 22nd May, 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

| | | Year ended 31.03.2014 | Year ended 31.03.2013 |
|--|------------------|--------------------------|--------------------------|
| | Rs. lacs | Rs. lacs | Rs. lacs |
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| NET PROFIT BEFORE TAX | | 5180.42 | 5823.79 |
| Adjustments for: | | | |
| Depreciation/amortisation | 3558.38 | 3208.33 | |
| Foreign exchange gain unrealised | 54.07 | (203.51) | |
| Finance cost (net) | 1861.46 | 1861.66 | |
| Dividend income | (8.26) | (3.92) | |
| (Profit)/loss on sale of fixed assets | (82.32) | (47.30) | |
| Bad debts | 0.05 | 7.17 | |
| Provision for doubtful debts (written back) / charge | 21.74 | (229.08) | |
| Liability no longer payable | (42.92) | - | |
| Provision for diminution in value of investments | - | 1.00 | |
| Loss on account of transfer of subsidiary adjusted in reserves | - | (3.30) | |
| Loss on account of transfer of joint venture adjusted in reserves | - | (52.23) | |
| Provision for compensated absences | 19.50 | 80.54 | |
| Provision for gratuity | (257.69) | (153.46) | |
| Foreign currency translation | 59.73 | (146.68) | |
| | | 5183.74 | 4319.22 |
| | | 10364.16 | 10143.01 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES AND OTHER ADJUSTMENTS | | | |
| Changes in working capital: | | | |
| Adjustment for (increase)/ decrease in operating assets | | | |
| - Trade receivables | (2908.94) | (2503.02) | |
| - Short-term loans and advances | (690.04) | (1212.29) | |
| - Long-term loans and advances | (21.61) | 35.52 | |
| - Other non-current assets | - | 1.94 | |
| - Inventories | 248.77 | (2384.49) | |
| Adjustment in increase/ (decrease) in operating liabilities | | | |
| - Other long term liabilities | 322.61 | - | |
| - Trade payables | 378.39 | 890.36 | |
| - Other current liabilities | 927.66 | (46.68) | |
| | | (1743.16) | (5218.66) |
| NET CASH GENERATED FROM OPERATIONS | | 8621.00 | 4924.35 |
| Direct taxes paid (net of refund) | | (1331.27) | (1483.73) |
| NET CASH FROM OPERATING ACTIVITIES | | 7289.73 | 3440.62 |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | | |
| Purchase of fixed assets (including adjustments on account of capital advances) | | (6267.69) | (9257.59) |
| Sale of fixed assets | | 215.40 | 79.45 |
| Inter Corporate deposit to group Company | | (617.00) | - |
| Dividend income | | 8.26 | 3.92 |
| NET CASH USED IN INVESTING ACTIVITIES | | (6661.03) | (9174.22) |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

| | Rs. lacs | Year ended 31.03.2014 Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|--|----------|--------------------------------------|--------------------------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | | |
| Proceeds from long term borrowings | | 3803.91 | 336.51 |
| Proceeds from short term borrowings (net) | | 4322.46 | 5587.74 |
| Repayment of long term borrowings | | (1472.12) | (1197.06) |
| Proceeds from inter corporate deposit | | - | 1000.00 |
| Repayment of inter corporate deposit | | - | (1000.00) |
| Increase / (Decrease) in cash credit | | (3109.72) | 3258.46 |
| Finance cost paid (net) | | (1997.79) | (1989.89) |
| Dividend paid | | (1647.68) | (1938.45) |
| Tax on dividend | | (280.02) | (305.43) |
| NET CASH FROM/(USED IN) FINANCING ACTIVITIES | | (380.96) | 3751.88 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | | 247.74 | (1981.72) |
| Cash and cash equivalents as at the beginning of the year | | 313.36 | 5561.29 |
| Transfer on demerger | | - | (3266.21) |
| Cash and cash equivalents as at the end of the year (Refer note 17) | | 561.10 | 313.36 |

See accompanying notes forming part
of the financial statements

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

Saira Nainar
Partner

Mumbai: 22nd May, 2014

For and on behalf of the Board of Directors

T. S. Sahney
Executive Chairman

S. C. Rangani
Executive Director &
Company Secretary

Tanushree Bagrodia
Chief Financial Officer

H. S. Zaveri
Managing Director & President

K. S. Pant

Uday Khanna

Tashwinder Singh

D. S. Sahney
Directors

Notes forming part of the consolidated financial statements

NOTE 1 - Significant accounting policies

1. Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (Accounting Standards) Rules, 2006 (as amended) ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the Companies Act, 1956 Act / 2013 Act, as applicable. 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

i. Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are effected.

ii. Foreign currency denominated assets and liabilities are reported as follows:

(a) Monetary items are translated into rupees at the exchange rates prevailing at the balance sheet date. Non-monetary items such as fixed assets are carried at their historical rupee values.

(b) Gains/losses arising on settlement of foreign currency transactions or restatement of foreign currency denominated assets and liabilities (monetary items) are recognised in the consolidated statement of profit and loss, except for long term assets/liabilities which pertain to acquisition of fixed assets which are adjusted in the cost of fixed assets (Refer Note 38).

Notes forming part of the consolidated financial statements

- iii. In case of forward exchange covers, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract except those relating to hedged long term liabilities which pertain to acquisition of fixed assets which are adjusted to the cost of fixed assets.
- iv. Swap transactions are entered by the Group to hedge its exposure against movements in foreign exchange rates and interest rates.
- v. Gains/losses arising on swap transactions are recognized in the consolidated statement of profit and loss.

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 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 but exclusive of sales tax and value added tax and are net of sales return.

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

Notes forming part of the consolidated financial statements

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

2. Compensated absences

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

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

19. 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

NOTE 2 - Share Capital

| | As at 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs |
|--|---------------------------------|---------------------------------|
| Authorised: | | |
| 100,000,000 (as at 31.03.2013 100,000,000) | | |
| Equity shares of Rs. 2 each | 2000.00 | 2000.00 |
| Issued, subscribed and fully paid up: | | |
| 96,922,600 (as at 31.03.2013 96,922,600) | | |
| Equity shares of Rs. 2 each fully paid up | 1938.45 | 1938.45 |
| Per consolidated balance sheet | 1938.45 | 1938.45 |

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

| | As at 31.03.2014 Number of shares | Rs. lacs | As at 31.03.2013 Number of shares | Rs. lacs |
|---|---|----------------|---|----------|
| Shares outstanding at the beginning of the year | 96922600 | 1938.45 | 96922600 | 1938.45 |
| Shares outstanding at the end of the year | 96922600 | 1938.45 | 96922600 | 1938.45 |

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

| | As at 31.03.2014 Number of shares | % of holding | As at 31.03.2013 Number of shares | % of holding |
|--|---|-----------------|---|-----------------|
| Equity Shares: | | | | |
| Trilochan Singh Sahney | 11716406 | 12.09 | 11716406 | 12.09 |
| Trilochan Singh Sahney Trust 1 (held by a trustee in his individual name) | 37755640 | 38.95 | 37755640 | 38.95 |
| Nalanda India Equity Fund Limited | 9682667 | 9.99 | - | - |
| ICICI Prudential Life Insurance Company Limited | 5415214 | 5.59 | 5418714 | 5.59 |

(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:**

| | Number of shares as at 31.03.2014 | Number of shares as at 31.03.2013 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Fully paid up by way of bonus shares | 48461300 | 48461300 |

(iv) **Rights attached to equity shares:**

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

Notes forming part of the consolidated financial statements

| | Rs. lacs | As at 31.03.2014 Rs. lacs | Rs. lacs | As at 31.03.2013 Rs. lacs |
|--|-----------------|---------------------------------|-----------------|---------------------------------|
| NOTE 3 - Reserves and surplus | | | | |
| Capital reserve | | 40.03 | | 40.03 |
| Securities premium account | | 847.61 | | 847.61 |
| Capital redemption reserve: | | | | |
| Opening balance | 611.10 | | 411.10 | |
| Add: Transferred from surplus in the consolidated statement of profit and loss | 200.00 | | 200.00 | |
| Closing balance | | 811.10 | | 611.10 |
| Debenture redemption reserve : | | | | |
| Opening balance | 500.00 | | 333.33 | |
| Add: Transferred from surplus in consolidated statement of profit and loss | 500.00 | | 166.67 | |
| Closing balance | | 1000.00 | | 500.00 |
| General reserve: | | | | |
| Opening balance | 8093.26 | | 13863.21 | |
| Less: On account of demerger (Refer note 39 and 40) | - | | 6240.31 | |
| Add: Transferred from surplus in consolidated statement of profit and loss | 381.81 | | 470.36 | |
| Closing balance | | 8475.07 | | 8093.26 |
| Foreign currency translation reserve: | | | | |
| Opening balance | (147.70) | | (1.02) | |
| Add /(Less): For the year | 59.73 | | (146.68) | |
| Closing balance | | (87.97) | | (147.70) |
| Surplus in the Consolidated Statement of Profit and Loss: | | | | |
| Opening balance | 7911.10 | | 5957.51 | |
| Add: Profit for the year | 3298.43 | | 4718.32 | |
| Less: Appropriations | | | | |
| Proposed dividend (Rs. 1.10 (year ended 31.03.2013 Rs. 1.70) per share) | 1066.15 | | 1647.68 | |
| Tax on dividend | 170.99 | | 269.82 | |
| Tax on preference dividend | 10.20 | | 10.20 | |
| Transfer to general reserve | 381.81 | | 470.36 | |
| Transfer to capital redemption reserve | 200.00 | | 200.00 | |
| Transfer to debenture redemption reserve | 500.00 | | 166.67 | |
| Closing balance | | 8880.38 | | 7911.10 |
| Per consolidated balance sheet | | 19966.22 | | 17855.40 |
| NOTE 4 - Long term borrowings | | | | |
| a) Non-convertible debentures | | | | |
| Secured (Refer footnote i and ii (c) below) | | - | | 2000.00 |
| b) Term loans in foreign currency from banks | | | | |
| Secured (Refer footnote ii (a) below) | | 4830.43 | | 5247.64 |
| c) Term loans from banks | | | | |
| Secured (Refer footnote ii (b) below) | | 456.89 | | 556.17 |
| d) Other Loans in foreign currency from banks | | | | |
| Secured (Refer footnote ii (e) below) | | 2857.72 | | - |
| e) Deferred payment liabilities | | | | |
| Unsecured: Interest free Sales tax loan (Refer footnote ii (d) below) | | 1530.83 | | 1789.19 |
| Per consolidated balance sheet | | 9675.87 | | 9593.00 |

Notes forming part of the consolidated financial statements

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

| <u>Particulars</u> | <u>Security</u> | <u>As at 31.03.2014 Rs. lacs</u> | <u>As at 31.03.2013 Rs. lacs</u> |
|--|---|--|--|
| a. Term loans in foreign currency from banks | | | |
| External commercial borrowings | Secured by hypothecation of/charge on specified plant and machinery of the Company. | - | 131.71 |
| External commercial borrowings | Secured by hypothecation of/charge on specified plant and machinery of the Company. | 2302.25 | 2782.27 |
| External commercial borrowings | Secured by hypothecation of/charge on specified plant and machinery of the Company. | 3295.60 | 2987.05 |
| | Total | 5597.85 | 5901.03 |
| | Comprises of: | | |
| | Long term borrowings | 4830.43 | 5247.64 |
| | Current maturities of long term borrowings | 767.42 | 653.39 |
| b. Term loans from banks | | | |
| Long - term loan | Secured by hypothecation of/charge on specified plant and machinery. | - | 139.03 |
| Long - term loan | Secured by hypothecation of/charge on specified plant and machinery. | 608.08 | 868.65 |
| Long - term loan | Secured against assets purchased out of the borrowings. | 236.16 | 4.36 |
| | Total | 844.24 | 1012.04 |
| | Comprises of: | | |
| | Long term borrowings | 456.89 | 556.17 |
| | Current maturities of long term borrowings | 387.35 | 455.87 |
| c. Non-convertible debentures | | | |
| | Secured by first pari passu charge on specified plant and machinery of the Company. | 2000.00 | 2000.00 |
| | Comprises of: | | |
| | Long term borrowings | - | 2000.00 |
| | Current maturities of long term borrowings | 2000.00 | - |
| d. Interest free Sales tax loan | | | |
| Sales tax deferral scheme | - | 1762.36 | 1900.16 |
| | Comprises of: | | |
| | Long term borrowings | 1530.83 | 1789.19 |
| | Current maturities of long term borrowings | 231.53 | 110.97 |
| e. Other Loans in foreign currency from banks | | | |
| Capex Buyer's Credit | Secured by hypothecation of/charge on specified plant and machinery of the Company. | 3494.56 | - |
| | Comprises of: | | |
| | Long term borrowings | 2857.72 | - |
| | Current maturities of long term borrowings | 636.84 | - |

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

Notes forming part of the consolidated financial statements

NOTE 5 Deferred tax

| | Deferred tax asset / (liability) as at 31.03.2013 Rs. lacs | Credit/(charge) for the year Rs. lacs | Deferred tax asset/ (liability) as at 31.03.2014 Rs. lacs |
|------------------------------------|---|---|--|
| Nature of timing difference | | | |
| a) Deferred tax liability | | | |
| Depreciation - | (1545.22) | (130.32) | (1675.54) |
| Sub - total | (1545.22) | (130.32) | (1675.54) |
| b) Deferred tax asset | | | |
| Provision for doubtful debts | 133.70 | 13.37 | 147.07 |
| Voluntary retirement compensation | 82.34 | (33.24) | 49.10 |
| Provision for compensated absences | 187.15 | 15.10 | 202.25 |
| Provision for Gratuity | 120.22 | (81.86) | 38.36 |
| Demerger expenses | 6.44 | (0.58) | 5.86 |
| Others | (0.01) | - | (0.01) |
| Sub - total | 529.84 | (87.21) | 442.63 |
| Per consolidated balance sheet | (1015.38) | (217.53) | (1232.91) |
| | | As at 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs |

NOTE 6 - Other long term liabilities

| | | |
|----------------------------|--------|---|
| Security deposits | 6.11 | - |
| Income received in advance | 316.50 | - |
| Per balance sheet | 322.61 | - |

NOTE 7 - Long term provisions

| | | |
|-----------------------------------|--------|--------|
| Provisions for employee benefits: | | |
| Compensated absences | 489.59 | 441.82 |
| Gratuity | - | - |
| Per consolidated balance sheet | 489.59 | 441.82 |

NOTE 8 - Short term borrowings

| | | |
|---|----------|----------|
| a) Loans repayable on demand | | |
| Cash credit from banks (Refer footnote 1 below) | | |
| Secured | 411.73 | 3521.45 |
| b) Other Loans from banks: | | |
| Secured (Refer footnote 1 & 2 below) | 3566.33 | 3000.00 |
| Unsecured | 3000.11 | 2564.00 |
| c) Other Loans in foreign currency from banks: | | |
| Secured (Refer footnote 2 below) | 2593.07 | 3162.37 |
| Unsecured | 3853.96 | 2172.40 |
| d) Other Loans: | | |
| Unsecured: Commercial papers | 4500.00 | 2000.00 |
| (Maximum balance outstanding during the year Rs. 7500 lacs; 31.3.2013 Rs. 7500 lacs) | | |
| Per consolidated balance sheet | 17925.20 | 16420.22 |

Notes forming part of the consolidated financial statements

Footnotes:

- 1) Cash Credit taken from banks are secured by a pari passu charge on inventories and trade receivables, present and future.
- 2) Secured by a pari passu charge on inventories and trade receivables, present and future.

| | As at 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs |
|--------------------------------|--|---------------------------------|
| NOTE 9 - Trade payables | | |
| Trade payables | 7289.49 | 6866.28 |
| Per consolidated balance sheet | 7289.49 | 6866.28 |

NOTE 10 - Other current liabilities

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

| | | |
|--|----------------|---------|
| - Term loans in foreign currency from banks | 767.42 | 653.39 |
| - Interest free Sales tax loan | 231.53 | 110.97 |
| - Term loans from banks | 387.35 | 455.87 |
| - Non - convertible debentures | 2000.00 | - |
| - Other Loans in foreign currency from banks | 636.84 | - |
| Security deposits | 760.80 | 634.06 |
| Interest accrued but not due on borrowings | 168.54 | 132.20 |
| Income received in advance | 83.85 | - |
| Unpaid dividends (unclaimed) (refer footnote ii below) | 15.05 | 17.19 |
| Other Payables | | |
| - Fixed assets | 185.28 | 31.24 |
| - Statutory dues | 628.57 | 723.44 |
| - Advances received | 1044.56 | 232.62 |
| - Gratuity | 112.85 | 368.16 |
| - Gratuity in respect of Executive Chairman | 1.00 | 1.00 |
| Per consolidated balance sheet | 7023.64 | 3360.14 |

Footnotes:

- i. Refer footnote (i) and (ii) 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 11 - Short term provisions

| | | |
|--|----------------|---------|
| a) Provisions for employee benefits: | | |
| Compensated absences | 106.72 | 134.99 |
| Gratuity | - | 2.38 |
| | 106.72 | 137.37 |
| b) Provision - Others: | | |
| Taxation (net of advance tax Rs. 1811.28 lacs (as at 31.03.2013 Rs. 479.99 lacs)) | 239.76 | 0.88 |
| Proposed dividend | 1066.15 | 1647.68 |
| Tax on dividend | 170.99 | 269.82 |
| Tax on preference dividend | 10.20 | 10.20 |
| | 1487.10 | 1928.58 |
| Per consolidated balance sheet | 1593.82 | 2065.95 |

Notes forming part of the consolidated financial statements

NOTE 12 - FIXED ASSETS

| Description | GROSS BLOCK - AT COST | | | | | DEPRECIATION / AMORTISATION | | | | | | NET BLOCK | | |
|-------------------------------------|--------------------------------|-----------|---------------------------------------|------------------|------------|--------------------------------|--------------------------------|--------------|---------------------------------------|--------------|---------------|--------------------------------|----------------|----------------|
| | Opening Balance As at 01.04.13 | Additions | Foreign currency trans-lation reserve | Trf on demerger* | Deductions | Closing Balance As at 31.03.14 | Opening Balance As at 01.04.13 | For the year | Foreign currency trans-lation reserve | On demerger* | On Deductions | Closing Balance As at 31.03.14 | As at 31.03.14 | As at 31.03.13 |
| | 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 |
| A. Tangible Assets | | | | | | | | | | | | | | |
| Freehold land | 254.51 | - | (1.12) | - | - | 253.39 | - | - | - | - | - | - | 253.39 | 254.51 |
| Leasehold land | 178.44 | - | (0.05) | - | - | 178.39 | 17.25 | 2.88 | (0.06) | - | - | 20.07 | 158.32 | 161.19 |
| Buildings and flats | 4812.66 | 201.34 | (3.71) | - | - | 5010.29 | 1577.53 | 138.70 | (1.63) | - | - | 1714.60 | 3295.69 | 3235.13 |
| Plant and equipment (Refer note 38) | 40406.28 | 4858.49 | (14.86) | - | 435.02 | 44814.89 | 23537.81 | 3162.80 | (6.78) | - | 306.76 | 26387.07 | 18427.82 | 16868.47 |
| Furniture and fixtures | 934.98 | 32.08 | (1.95) | - | - | 965.11 | 511.33 | 66.68 | (1.98) | - | - | 576.03 | 389.08 | 423.65 |
| Office equipments | 1019.81 | 14.25 | (0.15) | - | - | 1033.91 | 820.21 | 42.58 | (0.12) | - | - | 862.67 | 171.24 | 199.60 |
| Electrical installations | 1042.78 | 3.54 | (0.95) | - | - | 1045.37 | 641.86 | 49.06 | (0.84) | - | - | 690.08 | 355.29 | 400.92 |
| Vehicles | 487.84 | - | - | - | 19.17 | 468.67 | 296.11 | 36.41 | - | - | 14.35 | 318.17 | 150.50 | 191.73 |
| Sub Total (A) | 49137.30 | 5109.70 | (22.79) | - | 454.19 | 53770.02 | 27402.10 | 3499.11 | (11.41) | - | 321.11 | 30568.69 | 23201.33 | 21735.20 |
| B. Intangible Assets | | | | | | | | | | | | | | |
| Computer Software | 469.65 | 57.58 | (0.10) | - | - | 527.13 | 390.16 | 59.27 | (0.18) | - | - | 449.25 | 77.88 | 79.49 |
| Sub Total (B) | 469.65 | 57.58 | (0.10) | - | - | 527.13 | 390.16 | 59.27 | (0.18) | - | - | 449.25 | 77.88 | 79.49 |
| Total (A) + (B) | 49606.95 | 5167.28 | (22.89) | - | 454.19 | 54297.15 | 27792.26 | 3558.38 | (11.59) | - | 321.11 | 31017.94 | 23279.21 | |
| Previous year | 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 |
| Capital work-in-progress | | | | | | | | | | | | | 3834.94 | 1932.92 |
| Per consolidated balance sheet | | | | | | | | | | | | | 27114.15 | 23747.61 |

Footnotes:

- Buildings and flats include:
 - Shares in respect of residential premises of a cost of Rs. 489.80 lacs (as at 31.03.2013 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 31.03.2013 Rs. 750) in various co-operative housing societies.
- Borrowing cost capitalised during the year Rs. 172.86 lacs (year ended 31.03.2013 Rs. 184.32 lacs).

* Refer Note 40

Notes forming part of the consolidated financial statements
NOTE 12 - FIXED ASSETS (PREVIOUS YEAR)

| Description | GROSS BLOCK - AT COST | | | | | | DEPRECIATION / AMORTISATION | | | | | | NET BLOCK As at 31.03.13 |
|-------------------------------------|--------------------------------|-----------|--------------------------------------|-------------------|------------|--------------------------------|--------------------------------|--------------|--------------------------------------|--------------|---------------|--------------------------------|-----------------------------|
| | Opening Balance As at 01.04.12 | Additions | Foreign currency translation reserve | Trf on demerger * | Deductions | Closing Balance As at 31.03.13 | Opening Balance As at 01.04.12 | For the year | Foreign currency translation reserve | On demerger* | On Deductions | Closing Balance As at 31.03.13 | |
| | 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 |
| A. Tangible Assets | | | | | | | | | | | | | |
| Freehold land | 233.22 | - | 21.29 | - | - | 254.51 | - | - | - | - | - | - | 254.51 |
| Leasehold land | 925.59 | - | 1.01 | 748.16 | - | 178.44 | 16.21 | 6.58 | 0.57 | 6.11 | - | 17.25 | 161.19 |
| 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 |
| Plant and equipment (Refer note 38) | 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 |
| 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 |
| 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 |
| Electrical installations | 1024.86 | 2.62 | 15.30 | - | - | 1042.78 | 588.44 | 49.10 | 4.32 | - | - | 641.86 | 400.92 |
| Vehicles | 501.26 | 32.54 | - | 7.11 | 38.85 | 487.84 | 291.75 | 37.59 | - | 0.23 | 33.00 | 296.11 | 191.73 |
| Sub Total (A) | 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 |
| B. Intangible Assets | | | | | | | | | | | | | |
| Computer Software | 382.73 | 85.11 | 1.81 | - | - | 469.65 | 312.90 | 76.05 | 1.21 | - | - | 390.16 | 79.49 |
| Sub Total (B) | 382.73 | 85.11 | 1.81 | - | - | 469.65 | 312.90 | 76.05 | 1.21 | - | - | 390.16 | 79.49 |
| Total (A) + (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 |
| Capital work-in-progress | | | | | | | | | | | | | 1932.92 |
| Per consolidated balance sheet | | | | | | | | | | | | | 23747.61 |

* Refer Note 40

Notes forming part of the consolidated financial statements

| | Rs. lacs | As at 31.03.2014 Rs. lacs | Rs. lacs | As at 31.03.2013 Rs. lacs |
|---|-----------------|---------------------------------|----------|---------------------------------|
| NOTE 13 - Non current investments | | | | |
| A. Trade (Quoted) | | | | |
| Shares | | 1.09 | | 1.09 |
| B. Non -Trade (Unquoted) | | | | |
| Shares | 1.00 | | 1.00 | |
| Less: Provision for diminution in value | 1.00 | | 1.00 | |
| | <u>-</u> | | <u>-</u> | |
| Mutual fund | 5.00 | | 5.00 | |
| | | 5.00 | | 5.00 |
| Per consolidated balance sheet | | 6.09 | | 6.09 |
| Aggregate amount of quoted investments [market value Rs. 220.59 lacs (as at 31.03.2013: Rs. 146.22 lacs)] | | 1.09 | | 1.09 |
| Aggregate amount of unquoted investments | | 5.00 | | 5.00 |
| | | 6.09 | | 6.09 |
| NOTE 14 - Long term loans and advances | | | | |
| (Unsecured, considered good) | | | | |
| Capital Advances | | 1611.31 | | 1555.34 |
| Security deposits | | 334.21 | | 330.59 |
| Loans and advances to employees | | 27.84 | | 40.87 |
| Income taxes paid (net of provision for tax Rs. 10692.89 lacs (as at 31.3.2013 Rs. 10669.90 lacs)) | | 984.71 | | 1007.70 |
| Prepaid expenses | | 56.43 | | 25.41 |
| Per consolidated balance sheet | | 3014.50 | | 2959.91 |
| NOTE 15 - Inventories | | | | |
| (at lower of cost and net realisable value) | | | | |
| (a) Raw materials | 3981.31 | | 3501.38 | |
| Goods-in-transit | 33.12 | | 65.05 | |
| | | 4014.43 | | 3566.43 |
| (b) Work-in-progress | | 3716.28 | | 3733.28 |
| (c) Finished goods (other than those acquired for trading) | | 5121.60 | | 5694.65 |
| (d) Stock-in-trade (acquired for trading) | | 1.97 | | 3.29 |
| (e) Stores and spares | | 1648.74 | | 1754.14 |
| Per consolidated balance sheet | | 14503.02 | | 14751.79 |
| NOTE 16 -Trade receivables | | | | |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment: | | | | |
| Secured, considered good | 0.25 | | 2.38 | |
| Unsecured, considered good | 2801.58 | | 1629.61 | |
| Unsecured, considered doubtful | 433.83 | | 412.09 | |
| | 3235.66 | | 2044.08 | |
| Provision for doubtful debts | 433.83 | | 412.09 | |
| | | 2801.83 | | 1631.99 |
| Other trade receivables: | | | | |
| Secured, considered good | 174.05 | | 144.68 | |
| Unsecured, considered good | 15443.25 | | 13371.21 | |
| | | 15617.30 | | 13515.89 |
| Per consolidated balance sheet | | 18419.13 | | 15147.88 |

Notes forming part of the consolidated financial statements

| | As at 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs |
|--|--------------------------------------|--------------------------------------|
| NOTE 17 - Cash and cash equivalents | | |
| Cash on hand | 4.57 | 4.64 |
| Cheques on hand | 4.54 | 7.26 |
| Balances with banks | | |
| In current accounts | 526.14 | 276.33 |
| In deposit account | 25.85 | 25.13 |
| In earmarked accounts: | | |
| Unpaid dividend accounts | 15.05 | 17.19 |
| Per consolidated balance sheet | <u>576.15</u> | <u>330.55</u> |
| Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is | 561.10 | 313.36 |
| NOTE 18 - Short term loans and advances (Unsecured, considered good) | | |
| Loans and Advances to related parties | 617.00 | - |
| Loans and advances to employees | 61.68 | 61.46 |
| Advance sales tax | 468.11 | 754.04 |
| Other loans and advances | 1787.24 | 1035.23 |
| Prepaid expenses | 206.61 | 128.24 |
| CENVAT/ Service tax credit receivable | 878.46 | 756.67 |
| Per consolidated balance sheet | <u>4019.10</u> | <u>2735.64</u> |
| NOTE 19 - Other current assets | | |
| Interest receivable | 0.35 | 0.54 |
| Per consolidated balance sheet | <u>0.35</u> | <u>0.54</u> |
| | Year ended 31.03.2014 Rs. lacs | Year ended 31.03.2013 Rs. lacs |
| NOTE 20 - Revenue from operations | | |
| Sale of products | 64911.28 | 63479.67 |
| Other operating revenues: | | |
| Sale of scrap | 739.22 | 796.76 |
| Duty drawback and export incentives | 541.26 | 328.38 |
| | <u>1280.48</u> | 1125.14 |
| | 66191.76 | 64604.81 |
| Less: Excise duty | 5443.81 | 5441.45 |
| Per consolidated statement of profit and loss | <u>60747.95</u> | <u>59163.36</u> |
| NOTE 21 - Other income | | |
| Agency Commission | - | 92.19 |
| Dividend income | | |
| From long term investments | | |
| - Trade | 4.01 | 3.12 |
| - Others | 4.25 | 0.80 |
| | <u>8.26</u> | 3.92 |
| Net gain on foreign currency transactions and translation | - | 341.11 |
| Profit on sale of fixed assets (net) | 82.32 | 47.30 |
| Provision for doubtful debts written back | - | 229.08 |
| Rent | 48.15 | 31.01 |
| Other non-operating income | 146.92 | 143.96 |
| Per consolidated statement of profit and loss | <u>285.65</u> | <u>888.57</u> |

Notes forming part of the consolidated financial statements

| | Rs. lacs | Year ended 31.03.2014 Rs. lacs | Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|---|----------------|--------------------------------------|----------|--------------------------------------|
| NOTE 22 - Cost of materials consumed | | | | |
| Opening Stock | | 3566.43 | | 3187.94 |
| Add: Purchases | | 23252.07 | | 23453.52 |
| Less: Transfer of inventory on account of demerger (Refer Note 40) | | - | | 311.86 |
| | | 26818.50 | | 26329.60 |
| Less: Closing stock | | 4014.43 | | 3566.43 |
| Per consolidated statement of profit and loss | | 22804.07 | | 22763.17 |
| NOTE 23 - Changes in inventories of finished goods, work-in-progress, stock-in-trade | | | | |
| Opening stocks: | | | | |
| Work - in - progress | | 3733.28 | | 3877.20 |
| Finished goods | | 5694.65 | | 5042.53 |
| Stock-in-trade | | 3.29 | | 14.06 |
| | | 9431.22 | | 8933.79 |
| Closing stocks: | | | | |
| Work - in - progress | | 3716.28 | | 3733.28 |
| Finished goods | | 5121.60 | | 5694.65 |
| Stock-in-trade | | 1.97 | | 3.29 |
| | | 8839.85 | | 9431.22 |
| Transfer of inventory on account of demerger (Refer Note 40) | | - | | (1140.70) |
| Per consolidated statement of profit and loss | | | | |
| - Net (increase) / decrease | | 591.37 | | (1638.13) |
| NOTE 24 - Employee benefit expense | | | | |
| Salaries, wages and bonus | | 8377.41 | | 8361.29 |
| Contribution to provident and other funds | | 697.46 | | 869.11 |
| Staff welfare | | 1023.10 | | 969.05 |
| Per consolidated statement of profit and loss | | 10097.97 | | 10199.45 |
| NOTE 25 - Finance costs | | | | |
| Interest | | | | |
| On fixed loans | 573.14 | | 843.31 | |
| On others | 1243.47 | | 1111.47 | |
| | | 1816.61 | | 1954.78 |
| Other borrowing costs | | 56.04 | | 34.82 |
| | | 1872.65 | | 1989.60 |
| Less: Interest income | | | | |
| From banks on deposits | 1.58 | | 126.97 | |
| On loans and advances | 9.61 | | 0.97 | |
| | | 11.19 | | 127.94 |
| Per consolidated statement of profit and loss | | 1861.46 | | 1861.66 |

Notes forming part of the consolidated financial statements

| | Year ended 31.03.2014 | Year ended 31.03.2013 |
|--|--------------------------|--------------------------|
| Rs. lacs | Rs. lacs | Rs. lacs |
| NOTE 26 - Other expenses | | |
| Consumption of stores and spare parts | 5109.91 | 5621.12 |
| Processing charges | 1730.08 | 1915.96 |
| Power and fuel | 2668.31 | 2871.66 |
| Repairs and maintenance - | | |
| Buildings | 255.87 | 157.82 |
| Plant and machinery | 470.71 | 329.45 |
| Others | 77.50 | 113.64 |
| | 804.08 | 600.91 |
| Insurance | 64.39 | 72.41 |
| Rent | 21.43 | 35.45 |
| Rates and taxes | 90.71 | 132.12 |
| Legal and professional fees | 640.89 | 382.37 |
| Directors' fees and commission | 12.75 | 18.18 |
| Commission on sales | 806.61 | 473.86 |
| Sales discount | 125.90 | 123.29 |
| Travelling and conveyance | 793.19 | 767.54 |
| Postage, telephone and fax | 86.44 | 94.52 |
| Bank charges | 83.24 | 72.35 |
| Advertisement and sales promotion expenses | 126.74 | 147.62 |
| Forwarding charges | 2367.97 | 2843.56 |
| Bad debts written off | 0.05 | 7.17 |
| Provision for doubtful debts | 21.74 | - |
| Lease rent (refer note 34) | 69.07 | 72.10 |
| IT expenses | 356.93 | 203.40 |
| Excise duty on Increase/ (decrease) in inventories of finished goods | (182.73) | 139.21 |
| Net loss on foreign currency transactions and translation | 34.30 | - |
| Auditors' remuneration (see footnote below) | 60.55 | 52.86 |
| Miscellaneous expenses | 1047.38 | 1141.39 |
| Per consolidated statement of profit and loss | 16939.93 | 17789.05 |
| Footnote - Details of Auditors' Remuneration: | | |
| (excluding service tax) | | |
| Audit fees | 26.73 | 25.66 |
| Report under section 44AB of the Income-tax Act, 1961 | 3.25 | 2.90 |
| Taxation matters | 4.00 | 1.00 |
| Other services | | |
| - Statute | 22.25 | 22.75 |
| - Others | 4.00 | - |
| Reimbursement of expenses | 0.32 | 0.55 |
| Total | 60.55 | 52.86 |

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 Bearings (Thailand) Limited, a subsidiary incorporated in Thailand (extent of shareholding – 100%), NRB Industrial Bearings Limited, a subsidiary incorporated in India (extent of shareholding – 100%) (till 30.9.2012), 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'.

Notes forming part of the consolidated financial statements

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. 5021.24 lacs as at 31.03.2014 (as at 31.03.13: Rs. 3611.80 lacs) and total revenues of Rs. 1677.45 lacs (for the year ended 31.03.13: Rs. 1354.71 lacs) and net cash inflow of Rs. 8.57 lacs (for the year ended 31.03.13 outflow: Rs. 23.92 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:

| | As at 31.03.2014 Rs. lacs | As at 31.03.2013 Rs. lacs |
|--|---------------------------------|---------------------------------|
| (a) Income Tax | 1077.66 | 1259.13 |
| (b) Sales Tax | 230.25 | 46.01 |
| (c) Customs Duty | 158.87 | 158.87 |
| (d) Bank guarantees | 44.73 | 27.19 |
| (e) Corporate guarantees issued on behalf of group Company | 6355.80 | 7331.85 |

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

- (f) 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. 104.08 lacs and Rs. 64.28 lacs respectively as at 31st March, 2013 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.

| Year ended 31.03.2014 Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|--------------------------------------|--------------------------------------|
|--------------------------------------|--------------------------------------|

NOTE 29

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

| | |
|---------|---------|
| 1462.55 | 4370.80 |
|---------|---------|

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

| | | |
|--|-------|----------|
| (credited) / debited to the consolidated statement of profit and loss is | 34.30 | (341.11) |
|--|-------|----------|

NOTE 31 - Expenditure on research and development:

| | | |
|--|--------|--------|
| (a) charged to the consolidated statement of profit and loss | 702.70 | 593.78 |
| (b) capitalized to fixed assets | 48.67 | 100.74 |

Notes forming part of the consolidated financial statements

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:

| | Within India Rs. lacs | Outside India Rs. lacs | Total Rs. lacs |
|---------------------------|--|---|---------------------------------|
| Revenue from operations | 46075.79 (43555.00) | 14672.16 (15608.36) | 60747.95 (59163.36) |
| Total Assets | 52822.09 (48587.50) | 14878.15 (11140.26) | 67700.24 (59727.76) |
| Additions to fixed assets | 5004.17 (3071.83) | 163.11 (132.03) | 5167.28 (3203.86) |

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:**

| Sr. no | Nature of relationship | Names of related parties |
|---------------|--|--|
| (a) | Individual having substantial interest in the voting power and the power to direct by agreement, the financial and operating policies of the Company. | Mr. T. S. Sahney, Executive Chairman |
| (b) | Key management personnel | Ms. H. S. Zaveri, Managing Director Mr. D. S. Sahney, Whole time Director (till 30.9.2012), Non - Executive Director (1.10.2012 to 31.3.2013) Mr. S. C. Rangani, Executive Director & Company Secretary (w.e.f 31.10.2012) |
| (c) | Director in a subsidiary Company | Mr. S. C. Rangani Mr. J. S. Maini Ms. A. Gowarikar Mr. V. S. Iyer |
| (d) | Executive Director in a subsidiary Company | Mr. A. S. Kohli |
| (e) | A firm where executive chairman is a partner | New Indo Trading Company |
| (f) | 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 consolidated financial statements

ii) Transactions with related parties

| Name of the related parties | Nature of transaction | Volume of transactions Rs. lacs | Receivable As at 31.03.2014 Rs. lacs | Payable As at 31.03.2014 Rs. lacs |
|---------------------------------|--|------------------------------------|---|--|
| NRB Industrial Bearings Limited | Sale of raw materials / fixed assets etc. | 366.14 (215.92) | 1757.90 (796.12) | - (-) |
| | Purchase of raw materials /fixed assets etc. | 522.00 (-) | | |
| | Inter Corporate deposit given | 617.00 (-) | | |
| | Interest received on Inter Corporate deposit | 9.61 (-) | - (-) | - (-) |
| | Commission paid | - (2.58) | - (-) | - (-) |
| | Inter Corporate deposit taken | - (1000) | - (-) | - (-) |
| | Inter Corporate deposit repaid | - (1000) | - (-) | - (-) |
| | Interest paid on Inter Corporate deposit | - (6.48) | - (-) | - (-) |
| | Guarantee given by NRB Bearings Ltd. | - (7331.85) | 6355.80 (7331.85) | - (-) |
| Mr. T. S. Sahney | Remuneration | 155.04 (152.08) | - (-) | 39.58 (54.00) |
| Ms. H. S. Zaveri | Remuneration and Directors fees | 175.69 (162.36) | - (-) | 25.85 (25.00) |
| Mr. D. S. Sahney | Remuneration | - (49.01) | - (-) | - (10.25) |
| | Sale of vehicle | - (3.82) | - (-) | - (-) |
| Ms. A. Gowariker | Directors fees | 0.30 (0.57) | - (-) | - (-) |
| Mr. S. C. Rangani | Remuneration and Directors fees | 65.87 (25.66) | - (-) | - (-) |
| Mr. J. S. Maini | Directors fees | 0.45 (0.55) | - (-) | - (-) |
| Mr. V. S. Iyer | Directors fees | 0.85 (0.85) | - (-) | - (-) |
| Mr. A S Kohli | Remuneration | 21.80 (25.51) | - (-) | - (-) |
| New Indo Trading Company | Service charges paid | 5.00 (5.52) | - (-) | - (1.29) |

Footnotes:

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

Notes forming part of the consolidated financial statements

| | Year ended 31.03.2014 Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|--|---|--------------------------------------|
|--|---|--------------------------------------|

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 31.3.2014 aggregated Rs. 69.07 lacs (for the year ended 31.03.2013: Rs. 72.10 lacs). The minimum lease payments to be made in future as at the year end are as follows:

| | | |
|---|--------------|-------|
| (i) For a period not later than one year | 51.17 | 50.30 |
| (ii) For a period later than one year and not later than five years | 66.22 | 86.96 |
| (iii) For a period later than five years | - | - |

NOTE 35 - Value used in calculating Earnings Per Share

| | | |
|---|-----------------|----------|
| (i) Profit after tax (Rs. in lacs) | 3298.43 | 4718.32 |
| (ii) Number of Equity Shares | 96922600 | 96922600 |
| (iii) Par value per share (Rs.) | 2 | 2 |
| (iv) Earnings per share - Basic and diluted (Rs.) | 3.40 | 4.87 |

NOTE 36 - Financial and Derivative Instruments

i) Forward Exchange Contracts entered into by the Company that are outstanding as at 31st March, 2014:

| Currency | Amount in foreign currency | Buy/Sell | Cross Currency |
|-----------------|-----------------------------------|-----------------------|-----------------------|
| USD | 250,000 (3,243,215) | Buy (Buy) | INR (INR) |
| Euro | - (350,000) | - (Buy) | - (USD) |
| Euro | 277,000 (325,000) | Buy (Buy) | INR (INR) |
| JPY | - (6,033,400) | - (Sell) | - (USD) |
| Euro | 190,574 (584,555) | Sell (Sell) | USD (USD) |
| USD | - (75,000) | - (Sell) | - (INR) |

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

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

| | |
|--|-------------------|
| No. of contracts | - (2) |
| Principal amount in US Dollars | - (60,628) |
| Equivalent rupees at year end rate in Rs. Lacs | - (3.03) |
| Principal amount in yen (cross currency swap in US Dollars) | - (25,827,724) |
| Equivalent dollars at year end rate | - (242,514) |

- iii) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts: 2 (as at 31.3.2013: 3)
- iv) Foreign currency exposures that have not been hedged by a derivative instrument or other wise outstanding as at 31.03.2014:

Notes forming part of the consolidated financial statements

| Purpose | Currency | Amount | Equivalent Rs. lacs as at Year end |
|---|----------|-----------------------------------|---|
| a) Amount receivable in foreign currency : Export of goods | USD | 8,503,775 (8,216,722) | 5084.80 (4461.66) |
| | EURO | 3,952,057 (3,553,191) | 3251.37 (2471.89) |
| | CHF | - (1,786) | - (1.49) |
| b) Amounts payable in foreign currency : Import of goods | JPY | 51,321,670 (17,033,636) | 342.10 (98.10) |
| | EURO | 774,210 (879,093) | 608.49 (611.77) |
| | USD | 374,327 (321,188) | 221.81 (174.44) |
| | CHF | 197,724 (3,785) | 136.71 (2.16) |
| Capital Imports | USD | 65,858 (8,635) | 56.83 (4.69) |
| Loans payable | USD | 26,946,306 (22,228,088) | 16147.52 (12101.97) |
| | THB | 57,858,283 (64,891,699) | 1066.33 (1202.90) |

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:

| | Year ended 31.03.2014 Rs. lacs | Year ended 31.03.2013 Rs. lacs |
|--|--------------------------------------|--------------------------------------|
| (i) Employer's Contribution to Provident Fund | 301.56 | 249.33 |
| (ii) Employer's Contribution to Family Pension Fund | 100.38 | 91.60 |
| (iii) Employer's Contribution to Superannuation Fund | 116.63 | 125.55 |
| (iv) Employer's Contribution to Social Security Fund | 7.29 | 4.30 |

2 Defined Benefit plans

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

| Sr. No. | Particulars | 2013 - 14 | Rs. lacs 2012 - 13 |
|---------|---|-----------------|-----------------------|
| (i) | Components of employer expenses | | |
| | a) Current Service cost | 110.47 | 88.09 |
| | b) Interest cost | 180.40 | 157.70 |
| | c) Expected return on plan assets | (158.40) | (114.50) |
| | d) Actuarial Losses/ (Gains) | 4.12 | 254.06 |
| | e) Past Service cost- Vested Benefit | - | - |
| | Total expenses recognised in the consolidated Statement of Profit and Loss | 136.59 | 385.35 |

Notes forming part of the consolidated financial statements

| Sr. No. | Particulars | 2013 - 14 | 2012 - 13 |
|---------|--|---|---|
| (ii) | Actual Contribution and Benefit Payments for year a) Actual benefit payments b) Actual Contributions | 124.26 394.16 | 111.93 538.72 |
| (iii) | Change in Defined Benefit Obligations (DBO) during the year a) Present Value of DBO at the beginning of the year b) Current Service cost c) Past Service cost- Vested Benefit d) Interest cost e) Actuarial Losses/ (Gains) f) Benefits paid Present Value of DBO at the end of the year | 2191.21 110.47 - 180.40 (12.35) (124.26) 2345.47 | 1855.27 88.09 - 157.70 202.08 (111.93) 2191.21 |
| (iv) | Change in Fair Value of Assets during the year a) Plan assets at beginning of the year b) Expected return on plan assets c) Actuarial (Losses)/ Gains d) Actual Company contributions e) Fair Value of benefits paid Fair value of plan assets at the end of year | 1820.66 158.40 (16.47) 394.16 (124.26) 2232.49 | 1331.35 114.50 (51.98) 538.72 (111.93) 1820.66 |
| (v) | Contribution expected to be paid next year | 213.73 | 310.13 |
| (vi) | Actuarial Assumptions a) Discount Rate b) Expected rate of return on Plan assets c) Salary escalation d) Mortality Table e) Attrition rate | 9.29 % - 9.36 % 8.70% 8% - 10% Indian Assured Lives Mortality (2006-08) Ultimate 6 % - 10% | 8.25% - 8.50% 8.70% - 8.60% 3% - 10% LIC (1994-96) Ultimate 1% - 10% |
| (vii) | The major categories of plan assets - Insurer Managed Funds | 100% | 100% |

| Particulars | As at 31st March, 2014 | As at 31st March, 2013 | As at 31st March, 2012 | As at 31st March, 2011 | As at 31st March, 2010 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| (viii) Net asset/(liability) recognised in balance sheet | | | | | |
| a) Defined Benefit Obligation | (2345.47) | (2191.21) | (1855.27) | (1456.14) | (1316.05) |
| b) Fair Value of Plan assets | 2232.49 | 1820.66 | 1331.35 | 1296.89 | 1192.98 |
| c) Net asset/(liability) recognised in balance sheet | (112.98) | (370.55) | (523.92) | (159.25) | (123.07) |
| d) Experience adjustment arising on : | | | | | |
| 1) Plan Liabilities [Losses / (Gains)] | 98.33 | 67.91 | 117.57 | (22.62) | 121.82 |
| 2) Plan Assets [(Losses) / Gains] | (16.47) | (51.98) | (37.70) | (19.82) | 62.44 |

Footnotes:

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

Notes forming part of the consolidated financial statements

- (b) (i) Compensated Expenses recognized in the consolidated statement of profit and loss under employee benefit expense, is Rs. 87.60 lacs (for the year ended 31.03.2013: Rs. 153.75 lacs.)
- (ii) Actuarial Assumptions used:

| | As at 31.03.2014 | As at 31.03.2013 |
|---|--|------------------------------|
| a) Discount Rate | 9.29 % - 9.36 % | 8.50% |
| b) Expected rate of return on Plan assets | 8.70% | 8.60% |
| c) Salary escalation | 10.00% | 5% - 8% |
| d) Mortality Table | Indian Assured Lives Mortality (2006-08) Ultimate | LIC (1994-96) Ultimate |
| e) Attrition rate | 1% - 10% | 2% - 10% |

NOTE 38

Pursuant to the notification issued by the Central Government extending the applicability of amendment to Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates' upto March 31, 2020, which provides an option for adjustment of foreign exchange gain / loss arising on long term foreign currency borrowings against the carrying value of related fixed assets, the Company has continued to exercise the option and has adjusted exchange loss aggregating Rs. 519.38 lacs (for the year ended 31.03.2013 : Rs. 537.02 lacs) against the carrying value of fixed assets. The balance amount, based on aforesaid adjustments, of plant and machinery to be amortised, as at the year-end, aggregates Rs. 1042.05 lacs (Previous year Rs.709 lacs).

NOTE 39

The parent Company entered into a joint venture agreement with Schneeberger Holding AG, Switzerland to act as its exclusive agent in India and formed a joint venture Company with effect from 15th February, 2008 for which parent Company 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 40) and the excess of assets over liabilities Rs. Nil (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 :

| Name of The Joint venture Company | Percentage of holding | Assets | Liabilities | Income | Expenditure |
|---|--------------------------|--------------|---------------|--------------|--------------|
| Schneeberger India Private Limited (incorporated in India) | - (45%) | - (52.56) | - # (0.34) | - (46.14) | - (14.74) |

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 40

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 statements 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.

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. Nil (for the year ended 31.03.2013 : 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 consolidated financial statements

NOTE 41

Information relating to subsidiaries as on 31st March, 2014

Rs. in lacs

| Sr. No. | Particulars | SNL Bearings Limited | | NRB Bearings (Thailand) Limited | | NRB Industrial Bearings Limited | |
|---------|---|----------------------|------------|---------------------------------|------------|---------------------------------|-----------|
| | | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 | 31.03.2014 | 30.9.2012 |
| (a) | Capital | 561.15 | 761.15 | 2027.30 | 2039.40 | - | 5.00 |
| (b) | Reserves | 552.00 | 283.35 | (2361.91) | (1835.02) | - | (1.70) |
| (c) | Total assets | 2139.63 | 1788.14 | 5021.24 | 3611.80 | - | 6.59 |
| (d) | Total equity and liabilities | 2139.63 | 1788.14 | 5021.24 | 3611.80 | - | 6.59 |
| (e) | Details of investment (except investment in subsidiaries) | - | - | - | - | - | - |
| (f) | Turnover | 2252.81 | 2271.69 | 1677.45 | 1354.71 | - | - |
| (g) | Profit / (loss) before taxation | 496.05 | 611.05 | (560.04) | (242.18) | - | (0.27) |
| (h) | Provision for taxation | 157.20 | 215.28 | - | - | - | - |
| (i) | Profit / (loss) after taxation | 338.85 | 395.77 | (560.04) | (242.18) | - | (0.27) |
| (j) | Proposed dividend | - | - | - | - | - | - |

Exchange rate at the end of the year (Thailand Baht to Indian Rupee) : 1.843 (for the year ended 31.3.2013 : 1.854)

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

T. S. Sahney
Executive Chairman

H. S. Zaveri
Managing Director & President

S. C. Rangani
Executive Director &
Company Secretary

K. S. Pant

Tashwinder Singh

Tanushree Bagrodia
Chief Financial Officer

Uday Khanna

D. S. Sahney

Directors

Mumbai : 22nd May, 2014

FINANCIAL HIGHLIGHTS

Rs. in lacs

| Year Ended | 31.03.10 | 31.03.11 | 31.03.12 | 31.03.13 | 31.03.14 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Sales (Net) | | | | | |
| Domestic | 32015.49 | 42577.61 | 47016.12 | 44606.38 | 44633.61 |
| Exports | 2645.03 | 4058.52 | 7054.55 | 12250.00 | 13585.00 |
| Sales Total | 34660.52 | 46636.13 | 54070.67 | 56856.38 | 58218.61 |
| Operating Profit (EBITDA) | 6436.33 | 10804.69 | 10797.13 | 10233.15 | 10517.54 |
| Profit Before Tax | 3714.96 | 7964.60 | 6886.72 | 5504.54 | 5471.58 |
| Tax (Net) | 1274.07 | 2573.08 | 2058.05 | 800.97 | 1653.47 |
| Profit After Tax | 2440.89 | 5391.52 | 4828.67 | 4703.57 | 3818.11 |
| Retained Earnings | 1310.69 | 3138.60 | 2584.79 | 2786.07 | 2580.97 |
| Dividend | 969.23 | 1938.45 | 1938.45 | 1647.68 | 1066.15 |
| Tax on dividend | 160.97 | 314.47 | 305.43 | 269.82 | 170.99 |
| Earnings per share (FV Rs.2) | 5.04 | 5.56 | 4.98 | 4.85 | 3.94 |
| Dividend % | 100 | 100 | 100 | 85 | 55 |
| Shareholders' Funds | 18761.02 | 21899.62 | 24484.41 | 21085.70 | 23666.67 |
| Funds Employed | 28314.41 | 27665.08 | 41996.59 | 31511.45 | 34819.51 |
| Fixed Assets (Gross) | 35378.08 | 39305.29 | 47758.83 | 46580.34 | 52320.15 |
| Fixed Assets (Net) | 15379.32 | 17025.86 | 22702.06 | 20855.92 | 23560.89 |
| Fixed Asset Turnover (times) | 2.25 | 2.74 | 2.38 | 2.73 | 2.47 |
| Net Current Assets | 11142.39 | 7481.65 | 14378.55 | 5762.08 | 6394.12 |
| Working Capital Turnover (times) | 3.11 | 6.23 | 3.76 | 9.87 | 9.11 |
| Shareholder Nos | 6235 | 9810 | 10008 | 10920 | 9494 |
| Employee Nos | 1558 | 1575 | 1653 | 1574 | 1593 |

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

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



NRB BEARINGS LTD.

Registered Office: Dhannur, 15 Sir P.M.Road, Fort, Mumbai 400001
CIN: L29130MH1965PLC013251

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

| | |
|---|---|
| Name and Address of Shareholders _____ _____ _____ _____ | DP ID*/CLIENT ID/FOLIO NO. _____ NO. OF SHARES _____ |
|---|---|

I hereby record my presence at the **49TH ANNUAL GENERAL MEETING** of the Company held on Monday, August 11, 2014 at 11:30 a.m. at M C Ghia Hall, K Dubash Marg, Mimbai 400 001.

Signature of Shareholder/Proxy

..... TEAR HERE

PROXY FORM



NRB BEARINGS LTD.

Registered Office: Dhannur, 15 Sir P.M.Road, Fort, Mumbai 400001
CIN: L29130MH1965PLC013251

| | |
|---|---|
| Name of the member(s) and Registered Address _____ _____ _____ _____ | DP ID*/CLIENT ID/FOLIO NO. _____ Email ID: _____ |
|---|---|

I/We being the members of _____ shares of NRB Bearings Limited, hereby appoint:

- 1) _____ of _____ having e-mail ID _____ or failing him
- 2) _____ of _____ having e-mail ID _____ or failing him
- 3) _____ of _____ having e-mail ID _____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **49th ANNUAL GENERAL MEETING** of the Company, to be held on Monday, August 11, 2014 at 11:30 a.m. at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

----- TEAR HERE -----

**I wish my above Proxy to vote in the manner as indicated in the box below:

| Resolutions | For | Against |
|--|-----|---------|
| 1. Consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors | | |
| 2. Declaration of Dividend | | |
| 3. Reappointment of Mr. D S Sahney who retires by rotation | | |
| 4. Appointment of Auditors and fixing their remuneration | | |
| 5. Appointment of Mr. Tashwinder Singh as an Independent Director | | |
| 6. Appointment of Mr. Uday Khanna as an Independent Director | | |
| 7. Appointment of Mr. S C Rangani as a Whole time Director | | |
| 8. Issue of Corporate Guarantee to the lenders of NRB Industrial Bearings Ltd. (NIBL) and grant of inter company loans to NIBL | | |
| 9. Borrowing powers of the company | | |
| 10. Powers to mortgage and/or charge the properties of the company | | |

Signed ____ day of ____ 2014

Signature of Shareholder

Affix
revenue
stamp

Signature of first Proxy

Signature of second Proxy

Signature of third Proxy

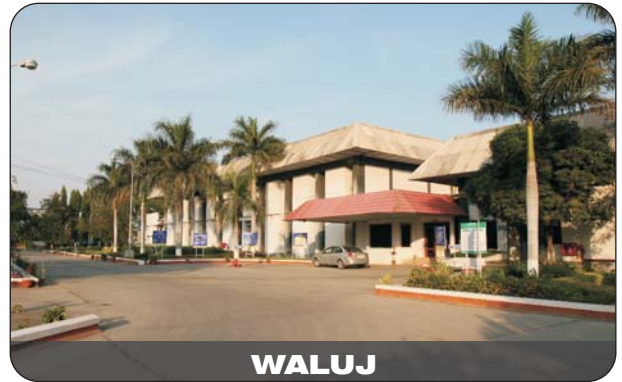
Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- A Proxy need not be a member of the Company.**
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- ** 4.** This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- In the case of jointholders, the signature of any one holder will be sufficient, by names of all the jointholders should be stated.

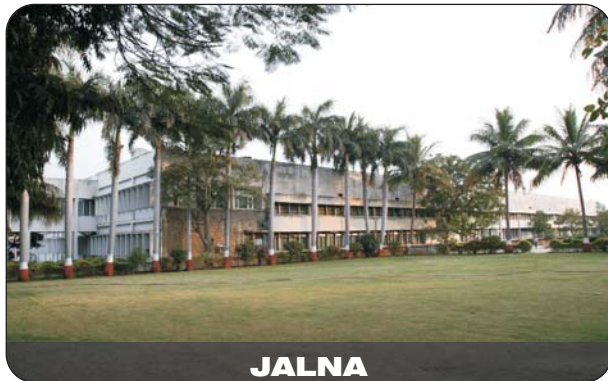
NRB PLANTS



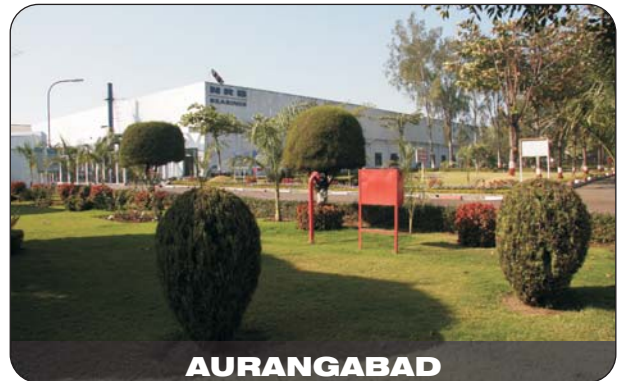
THANE



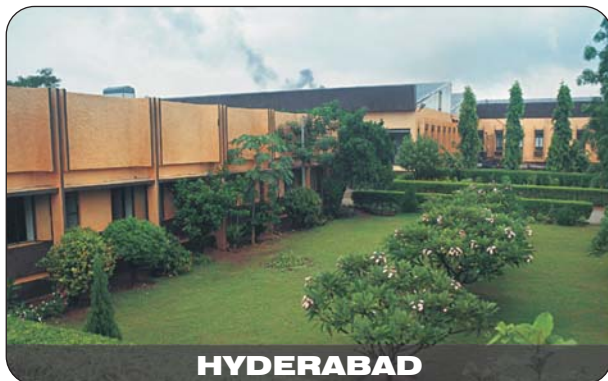
WALUJ



JALNA



AURANGABAD



HYDERABAD



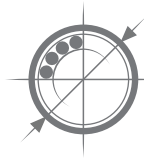
RANCHI



THAILAND



PANTNAGAR

**NRB****NRB BEARINGS LTD.**

Registered Office: Dhannur, 15 Sir P.M.Road, Fort, Mumbai 400001
CIN: L29130MH1965PLC013251

Dear Shareholder(s),

| DP ID-Client ID / Folio No. | No. of shares |
|------------------------------------|----------------------|
| | |

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014, the company is offering e-voting facility to its members in respect of the businesses to be transacted at the 49th Annual General Meeting scheduled to be held on Monday August 11, 2014 at 11.30 a.m. For this purpose the company has signed an agreement with Central Depository Services (India) Ltd (CDSL) for facilitating e-voting.

E-voting particulars are set out as below:

| EVS (Electronic Voting Sequence Number) | User ID |
|--|----------------|
| | |

The e-voting facility will be available during the following period.

| Commencement of e-voting | End of e-voting |
|----------------------------------|---------------------------------|
| August 5, 2014 at 10.00 am (IST) | August 7, 2014 at 6.00 pm (IST) |

The cut off date (ie. the record date) for the purpose of e-voting is 30th June, 2014

The Board of Directors has appointed Mr. Upendra Shukla, a practicing Company Secretary, as a Scrutinizer for the e-voting process. He will within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of atleast two witnesses not in the employment of the company and will make a scrutinizer's report of the votes cast in favour or against to the Chairman of the company. The results on the resolutions shall be declared on or after the AGM of the company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions. The results declared alongwith the scrutinizer's report will be available on the web site of the company (www.nrbbearings.in) within two days of the passing of the resolutions and communication of the same to the BSE Ltd and National Stock Exchange of India Ltd.

Please read the instructions given overleaf before exercising the vote. This communication forms an integral part of the notice dated May 22, 2014 for the 49th Annual General Meeting.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|-----------------------|---|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. Please enter your sequence number as Sr. No. which is mentioned in the EVSN covering letter. |
| DOB | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p> |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field. |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on August 5, 2014 at 10 am IST and ends on August 7, 2014 at 6pm 2014 . During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 30th June 2014 , may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

**NRB****NRB BEARINGS LTD.**

Registered Office: Dhannur, 15 Sir P.M.Road, Fort, Mumbai 400001
CIN: L29130MH1965PLC013251

ATTENDANCE SLIP

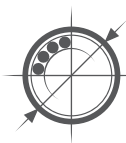
PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

| | |
|---|--|
| Name and Address of Shareholders _____ _____ _____ _____ | DP ID*/CLIENT ID/FOLIO NO. _____ NO. OF SHARES _____ _____ |
|---|--|

I hereby record my presence at the **49TH ANNUAL GENERAL MEETING** of the Company held on Monday, August 11, 2014 at 11:30 a.m. at M C Ghia Hall, K Dubash Marg, Mimbai 400 001.

Signature of Shareholder/Proxy

..... TEAR HERE

PROXY FORM**NRB****NRB BEARINGS LTD.**

Registered Office: Dhannur, 15 Sir P.M.Road, Fort, Mumbai 400001
CIN: L29130MH1965PLC013251

| | |
|---|--|
| Name of the member(s) and Registered Address _____ _____ _____ _____ | DP ID*/CLIENT ID/FOLIO NO. _____ Email ID: _____ _____ |
|---|--|

I/We being the members of _____ shares of NRB Bearings Limited, hereby appoint:

- 1) _____ of _____ having e-mail ID _____ or failing him
- 2) _____ of _____ having e-mail ID _____ or failing him
- 3) _____ of _____ having e-mail ID _____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **49th ANNUAL GENERAL MEETING** of the Company, to be held on on Monday, August 11, 2014 at 11:30 a.m. at M C Ghai Hall, K Dubash Marg, Mumbai 400 001 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

----- TEAR HERE -----

**I wish my above Proxy to vote in the manner as indicated in the box below:

| Resolutions | For | Against |
|--|-----|---------|
| 1. Consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors | | |
| 2. Declaration of Dividend | | |
| 3. Reappointment of Mr. D S Sahney who retires by rotation | | |
| 4. Appointment of Auditors and fixing their remuneration | | |
| 5. Appointment of Mr. Tashwinder Singh as an Independent Director | | |
| 6. Appointment of Mr. Uday Khanna as an Independent Director | | |
| 7. Appointment of Mr. S C Rangani as a Whole time Director | | |
| 8. Issue of Corporate Guarantee to the lenders of NRB Industrial Bearings Ltd. (NIBL) and grant of inter company loans to NIBL | | |
| 9. Borrowing powers of the company | | |
| 10. Powers to mortgage and/or charge the properties of the company | | |

Signed ____ day of ____ 2014

Signature of Shareholder

Affix
revenue
stamp

Signature of first Proxy

Signature of second Proxy

Signature of third Proxy

Notes:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
- A Proxy need not be a member of the Company.**
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- **4.** This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- In the case of jointholders, the signature of any one holder will be sufficient, by names of all the jointholders should be stated.

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 Limited |
| 2. | Annual Consolidated financial statements for the year ended | 31 st March, 2014 |
| 3. | Type of Audit observation | Unqualified |
| 4. | Frequency of observation | Not applicable |

| | |
|----|--|
| 5. | <p>Ms. Harshbeena S Zaveri Managing Director & President</p> <p>Ms. Tanushree Bagrodia Chief Financial Officer</p> <p>Dr. Kala S Pant Audit Committee Chairman</p> <p>Refer our Audit Report dated 22nd May, 2014 on the consolidated financial statements of the Company</p> <p>For DELOITTE HASKINS & SELLS Chartered Accountants (Firm's Registration No. 117365W)</p> <p>Saira Nainar (Partner) (Membership No. 040081) Mumbai, 22 MAY 2014 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 Limited |
| 2. | Annual standalone financial statements for the year ended | 31 st March, 2014 |
| 3. | Type of Audit observation | <p>Emphasis of matter</p> <p>We draw attention to Note 44 to the financial statements. As stated in the Note, the latest available audited financial statements for the year ended 31st March, 2014 of NRB Bearings (Thailand) Limited (NRB, Thailand), a wholly owned subsidiary, wherein the Company has an investment of Rs 1,640.56 lacs in equity shares, reflect erosion of its net worth. In the opinion of the management of the Company, the diminution in value of investment in NRB, Thailand is not considered as other than temporary, for the reasons stated therein.</p> <p>Our opinion is not qualified in respect of this matter.</p> <p>Note in the Financial Statement</p> <p>NOTE 44</p> <p>The Company has an investment of Rs. 1640.56 lacs in equity shares of NRB Bearings (Thailand) Limited (NRB, Thailand) a wholly owned subsidiary, whose net</p> |

| | |
|--|---|
| | <p>worth has eroded as per the latest audited financial statements as at 31st March, 2014. To strengthen the operations and financial health of NRB, Thailand, the Company has initiated several measures to increase sales (via new customer acquisition and increased penetration of the existing customer base) and improve cash flows. Significant efforts are being implemented to mine synergies between the Company and NRB, Thailand thus improving efficiencies and profitability of NRB, Thailand. The Company is committed to NRB, Thailand as a key investment to achieve its overall growth plan. Therefore, in view of the Management, the diminution in value of investments in NRB, Thailand is temporary.</p> |
|--|---|

| | | |
|----|--------------------------|--|
| 4. | Frequency of observation | The Emphasis of matter was given in the Auditors' report for the first time. |
|----|--------------------------|--|

Ms. Harshbeena S Zaveri
Managing Director & President

HS Zaveri

5. Ms. Tanushree Bagrodia
Chief Financial Officer

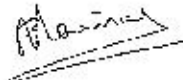
Tanushree Bagrodia

Dr. Kala S Pant
Audit Committee Chairman

Kala Pant

Refer our Audit Report dated 22nd May, 2014 on the standalone financial statements of the Company

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)



Saira Nainar

(Partner)

(Membership No. 040081)

Mumbai,

Auditor of the Company

22 MAY 2014