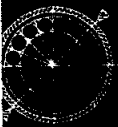


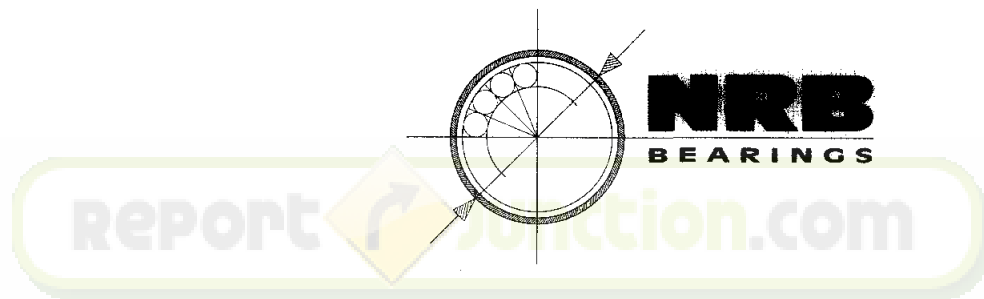
2001-2002

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NRB
BEARINGS

**To be the preferred provider of
technology-driven innovative bearing solutions
- Vision Statement**



NRB. A MOVEMENT. A REVOLUTION.

ANNUAL REPORT

2001-2002

Directors : Trilochan Singh Sahney, *Chairman & Managing Director*
 I Marsden
 B R Sule
 P D Ojha
 Kala S Pant
 Mohammed Zameer
 Harshbeena S Zaveri, *President*
 Devesh S Sahney, *Director - Strategic Sourcing*
 K M Elavia - Alternate to I Marsden

Bankers : Canara Bank
 Citibank N.A.
 Standard Chartered Grindlays Bank
 BNP Paribas

Auditors : A. F. Ferguson & Co.

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

Registrar & Share Transfer Agent : Mondkar Computers Pvt.Ltd.
 25, Shakil Niwas, Mahakali Caves Road
 Andheri (East), Mumbai - 400 093
 Tel: 836 66 20,8211996 Fax: 836 9704

CONTENTS

Particulars	Page No.
Notice	3
Directors' Report	6
Annexure to Directors' Report	9
Management Discussion & Analysis	11
Corporate Governance	18
Auditors' Certificate on compliance of Corporate Governance	26
Shareholders Information	27
Report of the Auditors (NRB Accounts)	33
Balance Sheet as at 31st March 2002 (NRB Accounts)	36
Profit & Loss Account for the year ended 31st March 2002 (NRB Accounts)	37
Schedules to the Accounts	38
Balance Sheet Abstract & Company's General Business Profile	57
Cash Flow statement for the year ended 31st March 2002	59
Statement pursuant to Section 212	61
Abridged Accounts of Subsidiary Companies	62
Report of the Auditors (Consolidated Accounts)	63
Balance Sheet as at 31st March 2002 (Consolidated Accounts)	64
Profit & Loss Account for the year ended 31st March 2002 (Consolidated Accounts)	65
Schedules to the Consolidated Accounts	66
Financial Highlights	80
Proxy Form	

NOTICE

To,
The Members,
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 37th Annual General Meeting of the members of the Company will be held at Kilachand Conference Room, Indian Merchants' Chamber Building, Churchgate, Mumbai 400 020 on Thursday, 5th September, 2002, at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Accounts and Balance Sheet and the reports of the Directors and Auditors for the year ended 31st March, 2002.
2. To declare a dividend for the year ended 31st March, 2002
3. To appoint a Director in place of Mr.B R Sule who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Dr.P D Ojha who retires by rotation and is eligible for re-appointment.
5. To consider and if thought fit, to pass with or without modifications, the following resolution:

"RESOLVED THAT M/s.A F Ferguson & Co., Chartered Accountants, Mumbai be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on such remuneration plus out-of-pocket expenses, as may be mutually agreed upon between the Board of Directors and the Auditors."

SPECIAL BUSINESS

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

Appointment of Mr.Mohammed Zameer as Director

"RESOLVED THAT Mr.Mohammed Zameer who was appointed an Additional Director of the company under Article 114(B) of the Articles of Association of the company and who holds office upto the date of this Annual General Meeting by virtue of Section 260 of the Companies Act,1956, but being eligible offers himself for re-appointment and in respect of whom the company has received notice from a shareholder proposing his candidature for the office of Director be and is hereby appointed – Director of the company."

By Order of the Board

S. C. Ranganil
Secretary

Mumbai: 18th July, 2002

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.

2. The relative explanatory statement pursuant to Section 173 of the companies Act 1956 in respect of special business item 6 is annexed hereto.
3. The Register of Members of the Company and Transfer Books thereof will be closed from Thursday 22nd August, 2002 to Thursday 5th September, 2002 (both days inclusive).
4. The dividend after declaration, will be paid to those shareholders whose name stand on the register of members on 5th September, 2002. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares whose names appear in the list furnished by the depositories for this purpose as on 30th August, 2002

Members and all others concerned are requested to lodge transfer deeds, change of address communication, tax exemption forms, mandates (if any) with the Company's Share Transfer Agents M/s. Mondkar Computers Pvt.Ltd., 25, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093 on or before 21st August, 2002.

5. 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 Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the company will print the bank account details if available, on the payment instrument for distribution of dividend.

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EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No.6 in the accompanying notice dated 18th July, 2002.

ITEM-6

At the meeting of the Board of Directors held on 6th March, 2002, Mr.Mohammed Zameer was appointed Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Articles of Association of the Company. Mr.Mohammed Zameer holds office only upto the date of the forthcoming Annual General Meeting. Notice in writing has been received from a shareholder of the Company pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose Mr.Mohammed Zameer as candidate for the office of Director. As required by the said Section 257, the shareholder giving notice has deposited a sum of Rs.500/- with the Company which shall be refunded to him if Mr.Mohammed Zameer is elected as Director.

Mr.Mohammed Zameer (43 yrs) has qualifications in Mechanical and Production Engineering/Computer Aided Engineering and is working on completing his MBA shortly. Starting his career as Operations Manager in Rockwell International, UK, he has also worked as Business Development Director in Echlin Automotive, U.K and as Director International Operations Siebe Automotive, U.K. Joined Torrington Co. as Operations Director, Europe in March, 2000 and plays a key role in developing a lean manufacturing organization through continuous improvement activities, outsourcing non core competencies and integration of Nadella and Torrington operations to drive synergy benefits through better asset utilization and establishing centers of excellence.

Except Mr.Mohammed Zameer, none of the Directors are concerned or interested in the resolution.

Your Directors are of the view that the appointment of Mr.Mohammed Zameer as Director of the company will be in the interest of the company and, accordingly, recommend the resolution at Item No.6 for your acceptance.

By Order of the Board

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S. C. Rangani
Secretary

Mumbai: 18th July, 2002

DIRECTORS' REPORT

To
The Members
NRB BEARINGS LIMITED

Your Directors have pleasure in presenting their Thirty Seventh Annual Report together with Audited Accounts for the year ended 31st March, 2002.

1. Financial results

	Year ended 31st March, 2002 <u>Rs. lacs</u>	Year ended 31st March, 2001 <u>Rs.lacs</u>
Profit before providing for depreciation and taxation	2395.07	2158.72
Less : Depreciation	949.22	886.67
Provision for taxation - Current	205.00	435.00
- Deferred	324.20	-
Add : Taxation adjustments for earlier year	-	5.71
Profit after taxation	916.65	831.34
Add: Balance brought forward	320.97	-
	<u>1237.62</u>	<u>831.34</u>
Appropriation:		
Dividend : Final	484.61	387.69
Tax on final dividend	-	39.55
General Reserve	91.67	83.13
Profit & Loss Account	661.34	320.97
	<u>1237.62</u>	<u>831.34</u>

2. Dividend

Directors recommend dividend of Rs. 5 per share (50 %) payable to members as per the Register of Members on 5th September, 2002.

3. Operations

Sales (net of excise duty) for the year ended 31st March, 2002 were Rs.12831 lacs as against Rs.11706 lacs in the previous year, an increase of 9.6%.

The auto industry, the largest customer for quality bearings and its various user industries have registered positive growth in two wheeler (motor cycle), three wheelers, passenger cars and commercial vehicles. Also new products/new symbols introduced during the year for automotive applications have led to the company expanding its range of bearings and also improving its market share in the domestic organized sector. This has resulted in improved operating results for the year.

The company recouped a part of the impact of lower price realizations by cost cutting initiatives. However the pressure of lower price realizations remains in the current year. Taking advantage of the liberalized interest regime, the company has been able to lower its net interest charges by 15%. A higher depreciation and a provision of Rs.324.20 lacs towards deferred tax liability have resulted in profit after tax moving up by 10.3% from Rs.831.34 lacs to Rs.916.65 lacs for the year.

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

4. **Public Deposits**

The company has not taken fixed deposits during the year. As on 31.3.2002, 28 deposits aggregating Rs.1,74,000 remain unclaimed with the company.

5. **Directors**

During the year, consequent upon Nadella becoming a wholly owned subsidiary of Torrington USA (Torrington having bought out the 50% SNR Roulements holdings in Nadella), Mr. A R Smith was nominated ex-officio director by Nadella in place of Mr. G Ravouna. Mr. Ian Marsden was nominated ex-officio director by Nadella in place of Mr. A R Smith upon his leaving Nadella. Mr. T Michaud also resigned from the board. The board places on record its appreciation of the valuable contributions made by Mr. G Ravouna and Mr. T Michaud during their tenure on the board.

Mr. B. R. Sule and Dr. P D Ojha retire by rotation pursuant to Article 111 of the Articles of Association and are eligible for reappointment.

Mr. Mohammed Zameer has been appointed as Additional Director by the Board of Directors at their meeting held on 6th March, 2002. Mr. Zameer will hold office upto the date of the next Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956. Notice has been received from a shareholder signifying his intention to propose Mr. Zameer as a candidate for the office of Director.

6. **Subsidiaries**

As of 31st March, 2002 the company had two subsidiaries viz. Essen Marketing Services Ltd., and SNL Bearings Ltd. The consolidated results include the working of these subsidiaries.

7. **Information regarding employees**

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

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

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

9. **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 Report and accounts of the subsidiary companies are annexed to this report along with the statement pursuant to section 212 of the Companies Act, 1956. We have provided the abridged balance sheet and the abridged profit and loss account of the subsidiary companies to the members. However, in the context of mandatory requirement to present consolidated accounts, which provides members with a consolidated

position of the Company including subsidiaries, at the first instance, members are being provided with the Report and Accounts of the Company treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Copies of the unabridged balance sheet, unabridged profit and loss account and other documents annexed to the same shall be made available for inspection at the registered office of the company. Members desirous of receiving the full Report and Accounts including the Report and Accounts of the subsidiaries will be provided the same on receipt of a written request from them. This will help save considerable cost in connection with printing and mailing of the Report and Accounts.

10. Directors' responsibility statement

In accordance with the Companies (Amendment) Act, 2000, the Directors state that:

- i. in the preparation of annual accounts, all applicable accounting standards have been followed and proper explanation relating to material departures, if any, have been furnished;
- ii. accounting policies as listed in the Schedule 19 to the financial statements have been selected and consistently applied and reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2002 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.

11. Joint Venture

During the year your company purchased 36,55,000 equity shares of Rs.10/- each held by Torrington Holdings Inc, USA towards 50% shareholding in the equity capital of the joint venture company NRB Torrington Ltd (NTL), for a total consideration of Rs.157.16 lacs. As a result NTL became a wholly owned subsidiary. It is felt that by streamlining supply chain and restructuring some of the operations, their product line namely wide inner ring bearings and housings, under the Fafnir brand name, can be made profitable. It was therefore decided to merge the wholly owned subsidiary into the company.

A Scheme of amalgamation between NTL and the company was sanctioned by the High Court of Judicature at Mumbai on 6th June, 2002. Accordingly, the scheme has been given effect to in these accounts and the assets and liabilities of NTL, at their respective book values as appearing in the audited balance sheet as at 31st March, 2001 have been transferred to and vested in the company with effect from 1st April, 2001.

12. Qualifications in the Auditors' Report

The qualifications in the Auditors' Report have been explained in the Notes to the Accounts, which are self-explanatory.

13. Auditors

M/s.A F Ferguson & Co. retire at the ensuing Annual General Meeting and are eligible for re-appointment.

14. Acknowledgement

Your Directors take this opportunity to express their grateful appreciation for the excellent support lent by its collaborators and the company's bankers, financial institutions and customers, suppliers and other business associates during the year. The Board particularly thank all the employees for their support and contribution during the year.

On behalf of the Board

T. S. Sahney
Chairman

Mumbai : 18th July, 2002