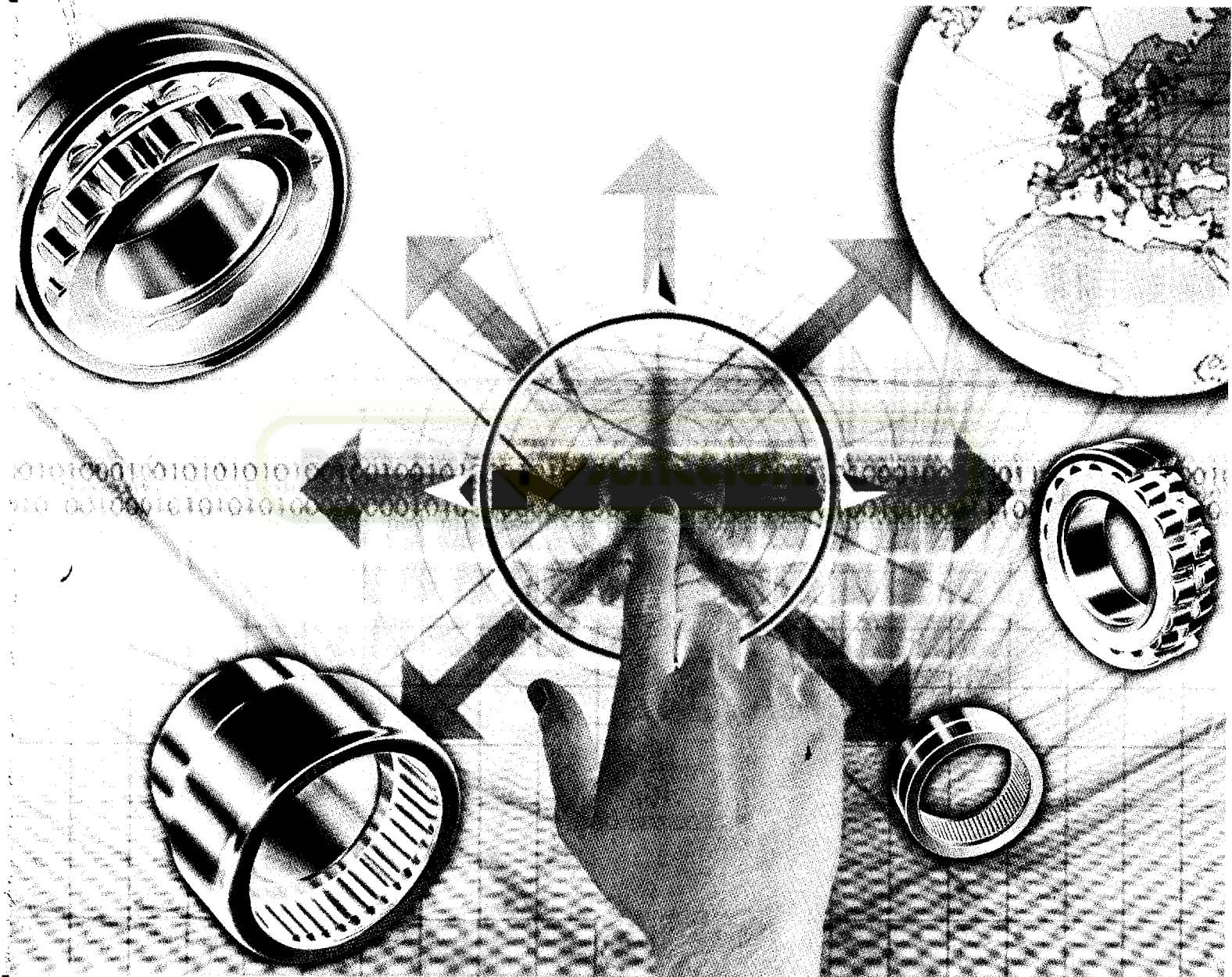


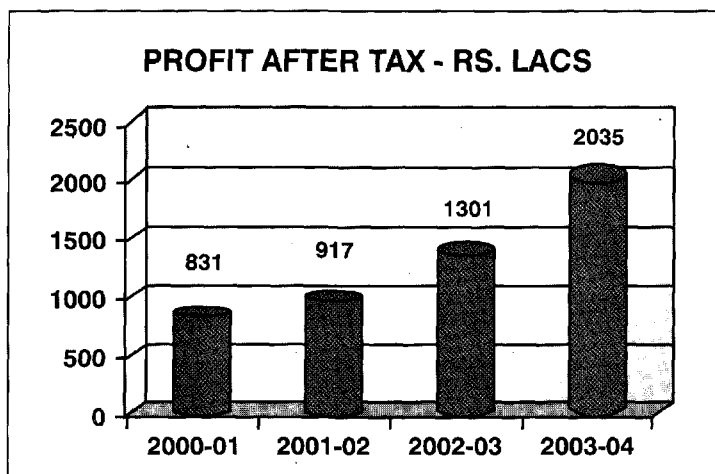
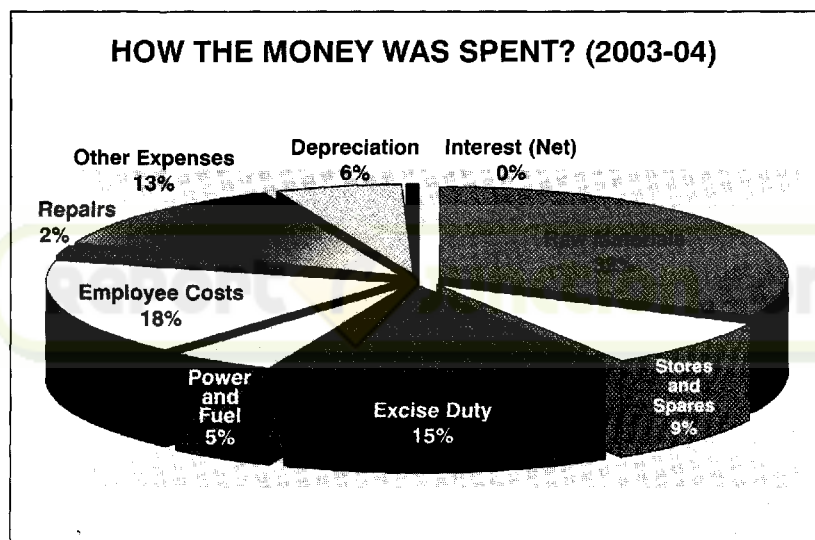
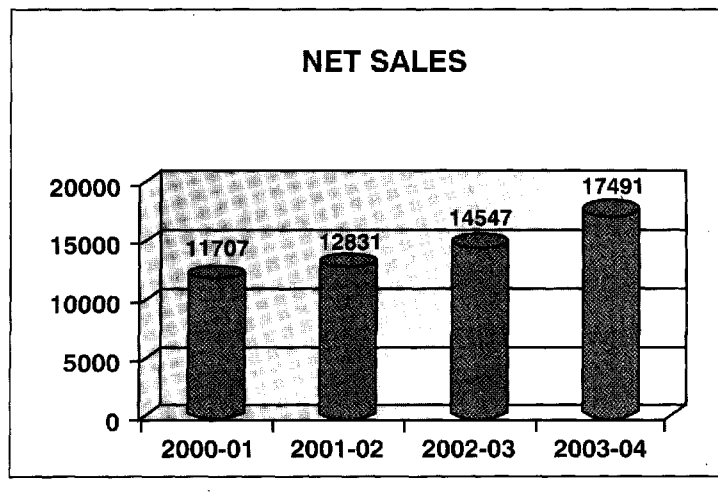
39th Annual Report

2003-2004





CAGR 14.25%



CAGR 34.75%

ANNUAL REPORT 2003-2004

Directors : Trilochan S. Sahney, *Chairman & Managing Director*
Dennis J. Noel
B. R. Sule
P. D. Ojha
Kala S. Pant
Gordon W. Robinson
Harshbeena S. Zaveri
K. M. Elavia - Alternate to Dennis Noel
Devesh S. Sahney

Bankers : Canara Bank
Citibank N.A.
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: 2836 6620, 28257641 • Fax: 2836 9704, 2825 7641

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AGM NOTICE

The Members,
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 39th Annual General Meeting of the members of the Company will be held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Friday, 13th August, 2004, at 11.00 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, 2004.
2. To declare a dividend for the year ended 31st March, 2004
3. To appoint a Director in place of Dr.P D Ojha who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr.D S Sahney who retires by rotation and is eligible for re-appointment.
5. To consider and if thought fit, to pass with or without modifications, the following resolution:

"RESOLVED THAT M/s.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."

Report Junction.com

June 30, 2004

By Order of the Board
S C Rangani
Company Secretary

Notes

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

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

2. The Register of Members of the Company and Transfer Books thereof will be closed from Tuesday 3rd August, 2004 to Tuesday 10th August, 2004 (both days inclusive).
3. The dividend after declaration, will be paid to those shareholders whose name stand on the register of members on 10th August, 2004 (in respect of shareholders holding physical shares). 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 2nd August, 2004.

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 M/s.Mondkar Computers Pvt. Ltd., 25, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093 on or before 1st August, 2004 in respect of shareholders holding physical shares, while in respect of shares held in the electronic form such details should be furnished to the respective depository participants.

4. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through 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.

To
The Members
NRB BEARINGS LIMITED
Mumbai

1. Financial Results

Financial Results	Year ended 31 st March, 2004 Rs.lacs	Year ended 31 st March, 2003 Rs.lacs
Profit before providing for Depreciation and taxation	4128.37	3122.21
Less: Depreciation	1019.81	1037.22
Provision for taxation - current	1225.00	775.00
- deferred	(151.65)	8.93
Profit after taxation	2035.21	1301.06
Add : Balance brought forward	<u>1178.06</u>	<u>661.34</u>
	<u>3213.27</u>	<u>1962.40</u>
Appropriation:		
Dividend : Final	726.92	581.54
Tax on final dividend	93.14	72.69
General Reserve	203.52	130.11
Profit & Loss Account	<u>2189.68</u>	<u>1178.06</u>
	3213.27	1962.40

2. Dividend

Directors recommend dividend of Rs.7.50 per share (75%) payable to members as per the Register of Members on 10th August, 2004.

3. Operations

2003-04 has proved a landmark year in which the company has posted its highest- ever sales revenue and profits.

Sales (net of excise duty) for the year ended 31st March, 2004 were Rs.17491 lacs as against Rs.14547 lacs in the previous year, an increase of 20.2%. Profit before tax (PBT) was at Rs.3108.56 lacs as compared to Rs.2084.99 lacs in 2002-03, outperforming the previous high PBT of Rs.2979.80 lacs achieved in 1996-97. After providing for current and deferred taxes, the Profit after tax (PAT) was Rs.2035.21 lacs (Rs.1301.06 lacs in 2002-03), setting a new record from the previous high of Rs.1894.80 lacs achieved in 1996-97.

Strong demand for products and services in most sectors arising from the buoyancy in the Indian economy and historically low interest rates, saw unprecedented levels of demand in the automotive sector, particularly the commercial vehicle, passenger car and motor cycle segments. Further, the efforts of the past few years in reducing costs, improving product quality, providing better customer support and new product introductions, have all contributed to the achievement of the company's best performance yet..

However the landmark year ends with the knowledge that the journey has only begun- facing the new challenges that come with sustaining growth, building new structures, funding additional capacity investments and strengthening the brand and value proposition.

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

4. Public Deposits

The company has not taken fixed deposits during the year. There are 26 deposits aggregating Rs.1.72 lacs lying unclaimed, inspite of reminders .

5. Directors

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

6. Subsidiaries

As of 31st March, 2004 the company has only one subsidiary viz. SNL Bearings Ltd. (SNL). The consolidated results include the working of this subsidiary.

7. Information regarding employees

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

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

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

9. Industrial Relations

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

With the twin objective of improving employee productivity and bringing aggregate employee cost to industry levels, the company offered a second Voluntary Retirement Scheme (VRS) to its employees at Thane plant in May, 2004. 9 employees opted for the scheme and their dues aggregating Rs.52 lacs have been settled.

10. 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 company 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 company 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 subsidiary, 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 subsidiary 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.

11. 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, 2004 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.

12. Qualifications in Auditors' Report

The Auditors' have qualified their report in respect of the company's investments and loans advanced to its subsidiary SNL Bearings Ltd. (SNL), as SNL has accumulated losses in excess of its share capital. The Company has not made any provision for the above as it considers its investments in SNL to be long term in nature and views SNL as a going concern. Along with the management of SNL your Company has been actively associated in restructuring SNL's operations to improve its financial performance.

Mr. B. R. Sule, independent Director, who is recovering from a paralytic stroke suffered last year is currently not able to produce written representation as required under section 274(1)(g). We look forward to Mr. Sule resuming his active participation in the near future.

13. Auditors

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

14. Acknowledgment

Your Directors take this opportunity to express their grateful appreciation for the excellent support lent by the company's bankers and customers, suppliers and other business associates during the year. The Board acknowledge the support, dedication and hard work of all employees in helping achieve the record performance during the year.

On behalf of the Board

T. S. Sahney
Chairman

Mumbai : 30th June, 2004

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

Efforts for conservation of energy in all areas are made on a continuous basis. 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 Hyderabad plant by installing P-20 energy saving unit to assembly lighting and temperature controller and thermo couple to the water quenching tank, power is saved to the extent of 8779 units amounting to Rs.0.32 lacs.
- At Aurangabad plant higher capacity pump fitted for overhead tank resulting in savings of Rs.0.36 lacs.
- At Thane replacement of mercury vapour lamps with sodium vapour lamps for street lighting, conversion of electrical motor connections from Delta to Star, replacing obsolete design air conditioners with energy efficient ones have resulted in savings of Rs.1.1 lacs. The burning of surplus Endo gas after processing, earlier done with LPG is now done with electrical coil resulting in saving of LPG amounting to Rs.0.35 lacs.

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

Specific areas in which R&D is carried out by the company

Main thrust during the year was on :

Productivity improvement.

Low cost automation.

New product development.

Eco friendly operations.

Benefits derived as a result of the above R&D

Process improvements in turning, heat treatment and cage welding which has helped improved productivity.

Low cost automation in assembly and heat treatment which has helped improve process capability as also productivity.

Use of water based washing media instead of Trichloroethylene (TCE), has made the washing process eco-friendly and also resulted in reduction of costs.

New products/processes developed

- New generation Formed Strip (FS) welded cages for heavy automobile gear box.
- Special thrust bearings for commercial vehicles.
- Alternate process for chamfer generation in ring.

Future plan of action

• The company's Engineering personnel at all plants are continuously working on developing core competency in bearing technology to maintain an edge for the company in product quality and innovation.

• A test-rig shop has been set up for endurance testing of bearing life and for simulating field conditions with latest quality checking and product testing facilities to ensure world class quality. Efforts are continuing to develop further testing facilities for seal testing, spin tests and grease tests to meet customer requirements for domestic and exports.

Expenditure on R&D

Including specific expenditure on equipment/tool development as above, the company plans to earmark upto 2% of its net sales for continuing R&D efforts.

C. Foreign exchange earnings and outgo

Foreign exchange earnings Rs. 1175.44 lacs

Foreign exchange outgo Rs. 1439.99 lacs

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

Name, Qualifications & Designation	(Age) Experience	Date of comm. of emplmt.	Remuneration Rupees	Last employment
Mr. T S Sahney, M. A Chairman & Managing Director	(76) 57	17.7.1966	52,55,845	-
Ms. H. S. Zaveri, A. B (USA) President	(44) 17	01.10.1987	27,62,653	-
EMPLOYED FOR PART OF THE YEAR				
Mr. J. V. R. Sarma, D.M.E. Sr. Vice President (Jalna Unit)	(60) 38	18.09.1991	24,85,320	Gen.Mgr – ABC Bearings Ltd.

The nature of employment is contractual and terms of remuneration are governed under Board and Members resolutions. Gross remuneration includes salary, commission, company's contribution to provident fund, superannuation and gratuity funds, allowances, perquisites, as applicable.

On behalf of the Board

T. S. Sahney
Chairman

Mumbai : 30th June, 2004