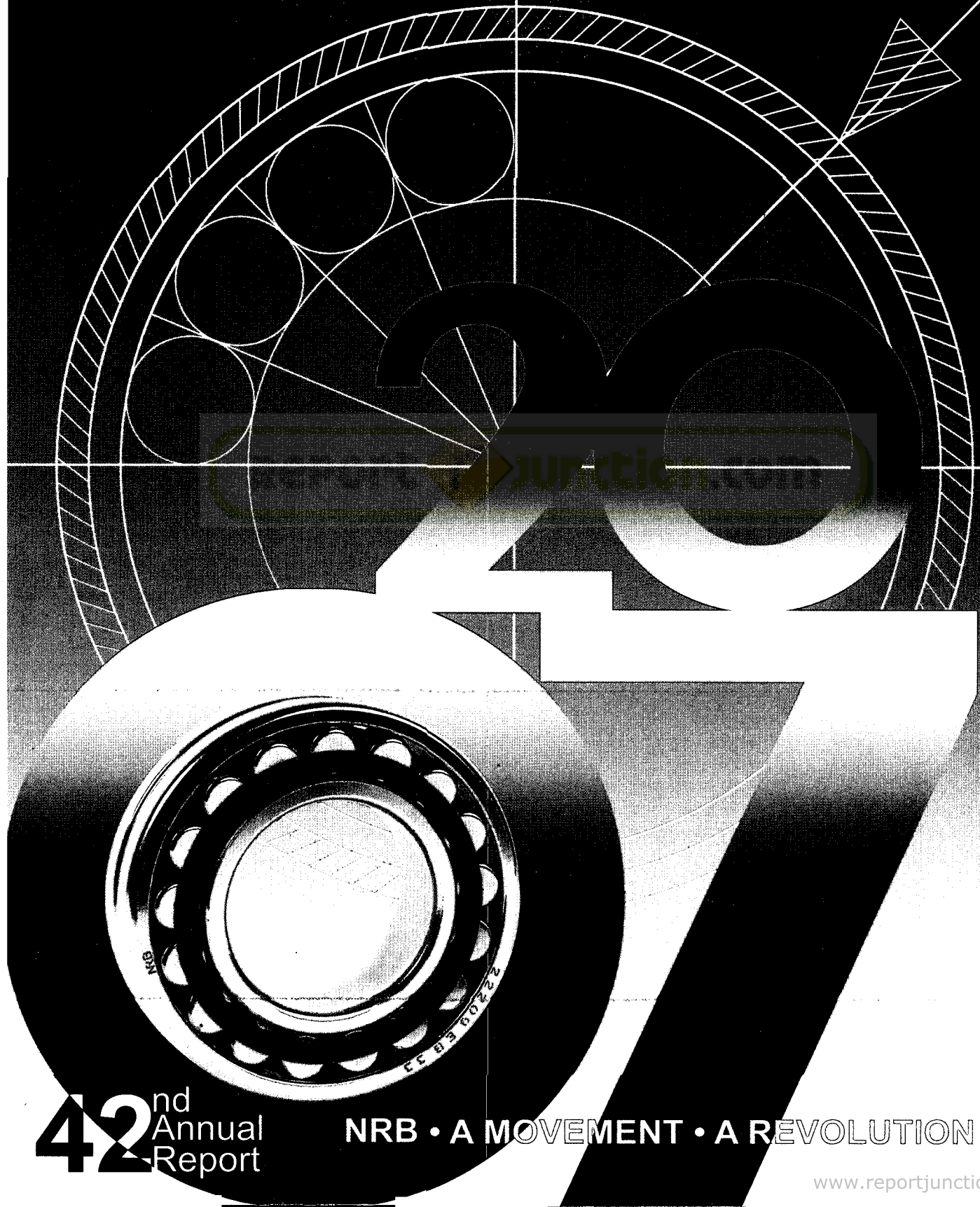


NRB
BEARINGS



42nd
Annual
Report

NRB • A MOVEMENT • A REVOLUTION

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NRB Vision

We want NRB to be the first choice for bearings and allied solutions for every application where we can be a market leader and to become a billion dollar company by 2020, with a presence in every vehicle in the world.

ANNUAL REPORT

2006-2007

Directors : Trilochan Singh Sahney, *Chairman & Managing Director*
 Dr. P D Ojha
 Dr. (Ms.) K S Pant
 Harshbeena S Zaveri
 K M Elavia
 Devesh S Sahney

Bankers : BNP Paribas
 Citibank N. A.
 Canara Bank

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 66 20, 28257641
 Fax: 2836 9704, 28257641

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AGM NOTICE

The Members,
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of the members of the Company will be held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on 3rd August, 2007, 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, 2007.
2. To declare a final dividend for the year ended 31st March, 2007.
3. To appoint a Director in place of Ms. H S Zaveri who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of 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.”

Report Junction

By Order of the Board
S C Rangani
Secretary

June 7, 2007

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 23rd July, 2007 to 3rd August, 2007 (both days inclusive).
4. The dividend after declaration, will be paid to those shareholders whose name stand on the register of members on 23rd July, 2007 (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 3rd August, 2007.

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 26th July, 2007 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.

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.

Notes on Directors seeking re-appointment

As required under Listing Agreement, particulars of Directors who are to be re-appointed are given below:

1. Ms.H S Zaveri

Age	47 Years
Qualification	AB(BA)USA, B.Ed
Experience	20 years in industry in responsible positions in the areas of Corporate Planning, Purchase & Imports, Marketing. Since January 2001 designated as President with responsibility for the entire operations of the company.
Director Since	1995
List of other Directorships	SNL Bearings Ltd
Membership in Committees in other companies	SNL Bearings Ltd- Member- Audit Committee Member- Shareholder/Investor's Grievance Committee
No.of shares held	387,150

2. Mr.P D Ojha

Age	78 Years
Qualifications	B.A (Econ) M.A (Advanced Econ), Ph.D (Economics)
Experience	56 years experience post qualification, as Professor and Head of Economics Dept, in key positions with The Reserve Bank of India from where he retired as Deputy Governor
Director Since	03.06.1991
List of other Directorships	1. Weizmann Homes Ltd (Non Executive,Chairman) 2. Weizmann Ltd (Non Executive Chairman) 3. KJMC,Mumbai
Membership in Committees in other companies	Nil
No.of shares held	Nil

June 7, 2007

By Order of the Board
S C Rangani
 Secretary

DIRECTORS' REPORT

To
The Members
NRB BEARINGS LIMITED
Mumbai

Your Directors have pleasure in presenting their Forty second Annual Report together with Audited Accounts for the year ended 31st March, 2007.

1. Financial Results

	Year ended 31 st March, 2007 Rs.lacs	Year ended 31 st March, 2006 Rs.lacs
Profit before providing for Depreciation and taxation	7574.11	6547.12
Less: Depreciation	1582.62	1280.79
Provision for taxation		
Current	1757.57	1567.43
Deferred	177.46	221.36
FBT	80.22	76.00
Profit after taxation	3976.24	3401.54
Add: Balance brought forward	1560.88	3540.80
	<u>5537.12</u>	<u>6942.34</u>
Appropriation:		
Dividend :		
Interim	775.38	726.92
Final	630.00	484.62
Tax on distributed profits	215.82	169.92
General Reserve	3000.00	4000.00
Profit & Loss Account	915.92	1560.88
	<u>5537.12</u>	<u>6942.34</u>

2. Dividend

An interim dividend of Rs.1.60 per equity share of Rs.2/- (80%) was paid during the year. Directors recommend final dividend of Rs.1.30/- per equity share of Rs.2/- (65%) payable to members/beneficial owners as per the Register of Members as applicable, making a total dividend of Rs.2.90 per equity share of Rs.2/- (145%) aggregating Rs.1621.20.

3. Operations

The company has posted its highest- ever sales revenue and profits during the year.

Sales (net of excise duty) for the year ended 31st March, 2007 were Rs.30311 lacs as against Rs.25464 lacs in the previous year, an increase of 19%. Profit before tax (PBT) was at Rs.5991 lacs as compared to Rs.5266 lacs in 2005-06, outperforming the previous years all time high PBT. After providing for current and deferred taxes, the Profit after tax (PAT) was Rs.3976 lacs (Rs.3402 lacs in 2005-06), setting a new record again from the previous years high.

The Indian economy has continued to be buoyant during the year with good growth in the demand for goods and services. As a result the corporate sector has enjoyed the benefits of strong growth. Further, the entry of new domestic and international companies in almost all sectors has forced the Indian corporates to become more competitive by reducing costs, improving product quality, providing better customer support and new product introductions, which have all contributed to the achievement of the company's best performance yet.

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, in spite of reminders .

5. **Directors**

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

Mr.B R Sule resigned from Board of Directors effective 26th October,2006 on health grounds. Recalling the valuable contribution made by Mr.Sule during his tenure of over 15 years, the Board regretfully accepted his resignation and wished him a speedy recovery and best wishes for the coming years.

6. **Subsidiaries and New Plant**

As of 31st March, 2007 the company has two subsidiaries viz.SNL Bearings Ltd (SNL) and NRB Bearings (Thailand) Ltd. The consolidated results include the working of these subsidiaries.

During the year, your company has contributed 25% of its committed contribution to the share capital of Thai Baht 50 million. The balance will be contributed during the current year. The subsidiary company is expected to commence commercial production during the last quarter of the current year.

During the year your company has also initiated efforts to set up new manufacturing plant at Uttaranchal. The plant is located within the Tata Motors Industrial Park and will inter-alia meet the requirements of Tata Motors and other OEMs like Bajaj Auto, Ashok Leyland, Hero Honda who are also setting up manufacturing plants in the State of Uttaranchal. The Plant is expected to commence commercial production during the last quarter of the current year.

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. **Industrial Relations**

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

Fresh settlements for an ongoing period of 3 years from December, 2006 have been signed with the workmen at Jalna plant with the assurance of mutually settled productivity increases by the workmen.

10. **Safety and Environment**

The company recognizes safety, health and environment as key and essential aspects on which depends the welfare of its employee. Keeping this in mind the goal before the management is attaining zero accidents during working. The company has a medical scheme for all its employees and fully adheres to statutory requirements related to environmental issues.

During the year the company has received certification for Environment Management System ISO 14001:2004 and OHSAS:18001:1999 and ISO/TS:16949:2002 for the manufacturing units at Thane, Aurangabad, Waluj, Hyderabad and Jalna.

11. 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 Sr. VP Finance & Co. Secretary of the Company.

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 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.

12. 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, 2006 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.

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 wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the company to repeat the record performance despite increased competition from several existing and new players. The Directors would also like to thank shareholders, suppliers, stockists, OEM customers and all other business associates for their support and co-operation. Your company has always looked upon them as partners in its progress and is happy to share with them rewards of growth.

On behalf of the Board

T S Sahney
Chairman

Mumbai : June 7,2007

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. 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, use of variable frequency drive on machines and energy efficient motors and compressors, have resulted in annual savings of Rs.11 lacs.
- At Aurangabad dc drives have been replaced by ac drives on some machines resulting in an annual savings of Rs.3.90 lacs. At Waluj, use of energy efficient lights, standardization of voltage etc. have given an annual savings of Rs.6 lacs.
- At Hyderabad plant use of servo controlled voltage stabilizer, wind driven turbo ventilators etc. have resulted in an annual savings of Rs.1.5 lacs.
- At Thane, several initiatives like energy saving lighting devices, thyristor control of furnace, air cooled compressor and air dryer etc. have resulted in an annual savings of Rs.18 lacs.

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

The company has a continuing programme to enhance its range of products to meet the future needs of the evolving market by providing a strong proposition for its customers. As part of this programme, its engineering and technology development centers have carried out improvements as detailed below:

Specific areas in which R&D is carried out by the company	Main thrust during the year was on : Productivity improvement New product development Material standardisation Enhancement of NRB's calculation capability
Benefits derived as a result of the above R&D	Process improvements in cage pocket punching, ring grinding & roller manufacturing have helped to improve productivity There was quantum jump in New product development. a) 17 polyamide cages developed b) FS cage production set up stabilised at Thane c) Smallest bush developed To offset steel price increase, efforts made to assess alternate sources of raw material, without compromising quality Application related software were developed. VOLVO has recognized that NRB's calculation capability is comparable to International Standard.
Future plan of action	Developing core competency to diversify the product range. Planning to install web based software for NPD tracking & monitoring. To improve NRB's testing capability by installing more simulated test rings.
Expenditure on R&D	During the year an amount of Rs.175.66 lacs has been incurred on revenue and capital account for R & D expenses.