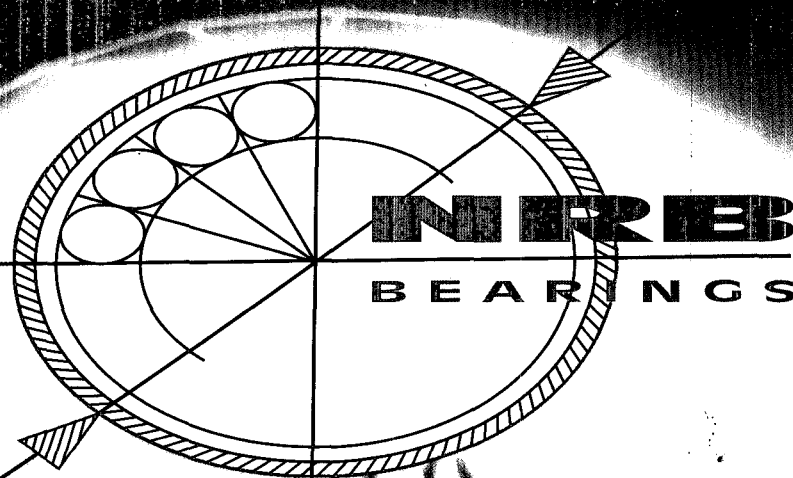


Our Tomorrow A World of Opportunity



NRB
BEARINGS

43rd
Annual
Report

NRB • A MOVEMENT • A REVOLUTION

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

2007-2008

Directors	:	Trilochan Singh Sahney, <i>Chairman & Managing Director</i> Dr. P. D.Ojha Dr. (Ms.) Kala 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 Plot No.33, Sector – II, SIDCUL IIE Pantnagar Udhamsingh Nagar, Uttarakhand 263153
Registrar & Share Transfer Agent	:	Mondkar Computers Pvt. Ltd. 25, Shakil Niwas, Mahakali Caves Road Andheri (East), Mumbai 400 093 Tel: 2836 66 20, 28207203-05 Fax: 2836 9704, 28207207

CONTENTS

Particulars	Page No.
Notice.....	03
Directors' Report.....	05
Annexure to Directors' Report.....	09
Management Discussion & Analysis.....	12
Corporate Governance.....	16
Auditors' Certificate on compliance of Corporate Governance.....	22
Shareholders Information.....	23
Report of the Auditors (NRB).....	28
Balance Sheet as at 31st March 2008 (NRB).....	32
Profit & Loss Account for the year ended 31st March 2008 (NRB).....	33
Cash Flow statement for the year ended 31st March 2008 (NRB).....	34
Schedules to the Accounts.....	36
Balance Sheet Abstract & Company's General Business Profile.....	59
Statement pursuant to Section 212.....	61
Abridged Accounts of Subsidiary Company.....	62
Report of the Auditors (Consolidated).....	63
Balance Sheet as at 31st March 2008 (Consolidated).....	64
Profit & Loss Account for the year ended 31st March 2008 (Consolidated).....	65
Cash Flow statement for the year ended 31st March 2008 (Consolidated).....	66
Schedules to the Consolidated Accounts.....	68

AGM NOTICE

The Members,
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 43rd Annual General Meeting of the members of the Company will be held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Tuesday, 5th August, 2008, 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, 2008.
2. To declare a dividend for the year ended 31st March, 2008.
3. To appoint a Director in place of Mr. K M Elavia who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Dr. (Ms.) Kala S Pant 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."

By Order of the Board
S C Rangani
Secretary

June 9, 2008

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 28th July, 2008 to 5th August, 2008 (both days inclusive).
3. The dividend after declaration, will be paid to those shareholders whose name stand on the register of members on 28th July, 2008 (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 5th August, 2008.

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 before 28th July, 2008 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.



Notes on Directors seeking re-appointment

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

1. Mr. K M Elavia

Age	62 Years
Qualifications	B.Com (Hons) FCA
Experience	34 years of post qualification experience, currently partner M/s. Kalyaniwalla & Mistry, Chartered Accountants
Director Since	30.01.2006
List of other Directorships	1. Allcargo Global Logistics Limited 2. Goa Carbon Ltd 3. Grover Vineyards Ltd (Alternate Director) 4. Sulzer India Ltd 5. Uni Abex Alloy Products Ltd 6. Uni Deritend Ltd 7. Uni Klinger Ltd
Membership in Committees in other companies	1. Member of Audit Committee and Shareholders'/ Investors' Grievance Committee and Share Allotment Transfer Committee- Sulzer India Ltd 2. Chairman of Audit Committee – Uni Abex Alloy Products Ltd. 3. Member of Audit Committee – Unit Deritend Ltd. 4. Chairman of Audit Committee-Allcargo Global Logistics Ltd. 5. Member of Audit Committee-Goa Carbon Ltd.
No. of shares held	Nil

2. Dr. (Ms.) Kala S Pant

Age	73 Years
Qualification	Bachelors degree in Science followed by post graduation in Statistics applied to Economics and Industry and Doctoral Research work by quantitative methods in the field of banking and transport
Experience	42 years training in the field of Management and Research methodology, Research in the problems of transport, ports, infrastructure benefits/cost analysis and both at macro and micro level.
Director Since	30.09.1997
List of other Directorships	1. Temptation Foods Ltd 2. Binani Metals Ltd
Membership in Committees in other companies	Chairman of Audit Committee - Temptation Foods Ltd
No.of shares held	Nil

By Order of the Board
S C Rangani
 Secretary

June 9, 2008

DIRECTORS' REPORT

To
The Members
NRB BEARINGS LIMITED
Mumbai

Your Directors have pleasure in presenting their Fortythird Annual Report together with Audited Accounts for the year ended 31st March, 2008.

1. Financial Results	Year ended 31st March, 2008 Rs. lacs	Year ended 31st March, 2007 Rs. lacs
Profit before providing for Depreciation and taxation	6980.46	7574.11
Less: Depreciation	1796.84	1582.62
Provision for taxation		
Current	1650.00	1757.57
Deferred	97.37	177.46
FBT	85.00	80.22
Profit after taxation	3351.25	3976.24
Add: Balance brought forward	915.92	1560.88
	<u>4267.17</u>	<u>5537.12</u>
Appropriation:		
Dividend :		
Interim	-	775.38
Final	1163.07	630.00
Tax on distributed profits	197.66	215.82
General Reserve	335.13	3000.00
Profit & Loss Account	<u>2571.31</u>	<u>915.92</u>
	<u>4267.17</u>	<u>5537.12</u>

2. Dividend

Directors recommend dividend of 120% i.e. Rs 2.40/- per equity share of Rs.2/- (145% for previous year) payable to members/beneficial owners as per the Register of Members as applicable aggregating Rs.1360.73 lacs.

3. Operations

Sales (net of excise duty) for the year ended 31st March, 2008 were Rs. 32142 lacs as against Rs.30311 lacs in the previous year, an increase of 6%. Profit before tax (PBT) was at Rs. 5184 lacs as compared to Rs.5991 lacs in 2006-07, down by 13.5%. After providing for current and deferred taxes, the Profit after tax (PAT) was Rs.3351 lacs (Rs.3976 lacs in 2006-07), down by 15.7%.

The year 2007-08 was one of mixed experiences. The topline growth was achieved despite declining demand from various user segments of the auto industry. Margins, however, remained under pressure on the back of sharp rises in the prices of key raw material- steel.

During the year the company further built up its position in the international markets, as exports registered a growth of 45%. With several international marquee as its customers, who have entered into long term supply contracts and product development initiatives for their new platforms, the benefits will accrue in the coming years.

The company is focused on addressing the ever emerging challenges of sourcing by well-timed buying decisions and by entering into long to medium supply contracts. Despite all round efforts, the cost escalations could not be passed on without a time lag, but the efforts of 2007-08 are expected to bear fruits in 2008-09. In the meanwhile, cost escalation challenges are mitigated by improving process efficiencies in manufacturing, intensifying R & D efforts to develop new products and speed up commercialization.

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. Unclaimed deposits aggregating Rs.1,72,000 have been transferred to the Investor Education Protection Fund on the expiry of 7 years.

5. **Directors**

Mr. K M Elavia and Dr. (Ms.) Kala S Pant retire by rotation pursuant to Article 111 of the Articles of Association and are eligible for reappointment.

6. **Subsidiaries and New Plant**

As of 31st March, 2008 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 fully contributed to the share capital of NRB Bearings (Thailand) Ltd., Thai Baht 50 million. The subsidiary company is expected to commence commercial production during the year.

The Pantnagar plant of the company in the state of Uttarakhand was inaugurated on 7th May, 2008. The plant will inter-alia meet the requirements of Tata Motors and other OEMs like Bajaj Auto, Ashok Leyland and Hero Honda who are also setting up manufacturing plants in the State of Uttarakhand.

7. **Information regarding employees**

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

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

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

9. **Industrial Relations**

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

10. **Safety, Health and Environment**

The company's plants at Thane, Aurangabad, Waluj, Hyderabad and Jalna have already been accredited to internationally recognized environmental management systems viz. ISO 14001:2004 and OHSAS:18001:1999 and ISO/TS:16949:2002.

The commitment to the environment extends beyond legal compliance requirements and initiatives are underway across the company's locations which include greening programmes, rainwater harvesting, vermiculture, treatment plants, etc. The company is in full compliance with the environmental regulations regarding disposal of hazardous waste.

Safety is accorded the highest priority by the company. A clear safety policy, several training programmes and communication tools have been put in place. Projects are continuously identified for improvements and worker participation and regular visits by safety committee members to units in the auto sector. TPM

techniques like Poka Yoke (mistake proofing) are being implemented on machines to minimize accidents. Training and competence programme are conducted to educate and create awareness amongst employees, their families and the company's contractors.

Health and environment are considered as key and essential aspects on which depends the welfare of the employees. The company strongly focuses upon providing a conducive work environment and has installed wind ventilators to reduce temperatures within the plants. Welfare workshops and health check ups are conducted on regular basis for all employees.

11. Corporate social responsibility

As part of its efforts to educate local residents, the company has adopted ITI's at Jalna and Ambad as part of a public private partnership. At Hyderabad the local police station under the Cyberabad Commissionerate have been adopted for imparting 5 S training and introduction of Quality Circles. The company is one of the co-sponsors in a project launched by TERI (The Energy and Resources Institute, Mumbai) to target 2000 children from 20 municipal schools in and around Mumbai in an environment education and awareness project.

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 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.

13. 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, 2008 and of the profit of the Company for the accounting year ended on that day;
- iii. proper and sufficient care for maintenance of adequate accounting records has been taken in accordance with the provisions of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv. the Annual Accounts have been prepared on a going concern basis.

14. Auditors

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

15. Acknowledgement

The Directors commend the continued commitment and dedication of employees at all levels. The Directors also wish to acknowledge with thanks all other stakeholders for their valuable sustained support and encouragement. It is this unity of purpose that breeds success and your Directors look forward to receiving similar support and encouragement from the larger NRB family in the years ahead.

On behalf of the Board

T S Sahney
Chairman

Mumbai : June 9,2008

