

ANNUAL REPORT

2009-2010

Directors	:	Trilochan Singh Sahney, <i>Chairman & Managing Director</i> Dr. P. D.Ojha Dr. (Ms.) Kala S Pant Harshbeena S Zaveri Keki M Elavia Devesh S Sahney Anand N Desai
Company Secretary		Satish C Rangani Tel No. 22664160
Bankers	:	BNP Paribas Citibank N.A. Canara Bank Axis Bank Ltd.
Auditors	:	Deloitte Haskins & Sells
Solicitors	:	Wadia Ghandy & Co.
Registered Office	:	Dhannur, 15 Sir. P M Road, Fort, Mumbai 400 001. Tel. : 2266 4160 / 2266 4998 Fax : 2266 0412
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-263 153.
Registrar & Share Transfer Agent	:	Mondkar Computers Pvt. Ltd. 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093. Tel: 2836 6620, 2820 7203-05 Fax: 2836 9704, 2820 7207

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AGM NOTICE

The Members,
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of the members of the Company will be held at M C Ghia Hall, K Dubash Marg, Mumbai 400 001 on Wednesday 4th August, 2010, 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, 2010.
2. To declare a dividend for the year ended 31st March, 2010.
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 Ms.H S Zaveri 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.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 next Annual General Meeting, in place of M/s. A F Ferguson & Co., Chartered Accountants, Mumbai, the retiring auditors, 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 a **Ordinary Resolution.**

Appointment of Mr. Anand N Desai as Additional Director

"RESOLVED THAT Mr. Anand N Desai, who was appointed as an Additional Director by the Board of Directors of the Company on April 24, 2010, 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 260 of the Companies Act, 1956 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 Director of the company, liable to retire by rotation."

7. To consider and if thought fit, to pass, with or without modifications, the following Resolution as a **Special Resolution.**

Appointment of Mr.T S Sahney as Executive Chairman

"RESOLVED THAT in accordance with the provisions of section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, and subject to the approval of the Central Government under the provisions of Section 269 consent of the Company be and is hereby accorded to the appointment of Mr.T S Sahney as Executive Chairman with effect from 1st October, 2010 for a period of three years upon the terms and conditions and stipulations contained in the draft Agreement to be entered into between the Company and Mr.T S Sahney, a copy whereof is placed before the meeting and for the purpose of identification initialled by the Chairman hereof. The terms and conditions are as under:

- A. Mr. T S Sahney, Executive Chairman shall carry out duties as may be entrusted to him subject to the supervision and control of the Board of Directors.

Basic

Rs.4,50,000 in the grade of Rs.3,00,000 - Rs.10,00,000

Annual increments effective 1st October each year will be decided by the Board and will be merit based and take into account the Company's performance.

- B. In addition to the basic salary payable, the Executive Chairman shall also be entitled to allowances/perquisites noted below in accordance with the rules of the Company.

(i) Housing

1. Free unfurnished accommodation in case the accommodation is owned by the Company.
2. In case the accommodation is hired by the Company the expenditure by the Company on hiring such unfurnished accommodation for the Executive Chairman will be subject to a ceiling of 60% of the salary over and above 10% payable by the Executive Chairman.
3. In case no accommodation is provided by the Company, the Executive Chairman shall be entitled to house rent allowance subject to the ceiling of 60% of the monthly basic salary.

- (ii)** The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962.

(iii) Leave travel assistance

Reimbursement of actual traveling expenses to any place in India and return there from in respect of himself and family.

(iv) Reimbursement of Medical Expenses

Reimbursement of medical expenses for self and spouse.

(v) Personal Accident Insurance

Premium not exceeding Rs.5500/- p.a.

(vi) Club Fees

Reimbursement of membership fees for clubs.

- (vii)** Provision of car with driver and telephone at residence will not be considered as perquisites.

- (viii)** Contribution to Provident Fund, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income-Tax Act.

- C. **Commission** - Such remuneration by way of Commission at the rate of 1% for each financial year, in addition to the above salary and perquisites calculated with reference to the net profit of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act, and limited to one year basic salary will be payable to the Executive Chairman for the relevant financial year.

D. **Minimum Remuneration**

"RESOLVED FURTHER THAT, in the event that during the currency of the tenure of Mr. T S Sahney as the 'Executive Chairman', the Company has no profits or its profits are inadequate, the consent of Company be and is hereby accorded, subject to the approval of the Central Government in this regard, to continue to pay the remuneration as mentioned herein and as determined by the Board of Directors to Mr. T S Sahney without any requirement of Mr. Sahney refunding to the Company, in accordance with the provisions of Section 309 of the Act, such part of the remuneration as agreed herein, which may be in excess of the remuneration payable to him in accordance with the provisions of the Act."

"RESOLVED FURTHER THAT if necessary, the Company be and is hereby authorised to make an application in the prescribed form within the prescribed period to the Central Government as per the provisions of Section 269 and Section 309 of the Act for obtaining its approval to payment of remuneration as provided above in the event it exceeds the limits provided in Part I and/or II of Schedule XIII to the Act and any of the Directors of the Company or the Company Secretary be and are hereby severally authorized to execute and sign such forms, writings, give such notice, as may be necessary in this regard."

8. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**:

Appointment of Ms. H S Zaveri as Managing Director

"RESOLVED THAT in accordance with the provisions of section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, and subject to the approval of the Central Government under the provisions of Section 269 consent of the Company be and is hereby accorded to the appointment of Ms.H S Zaveri, as Managing Director with effect from 1st October, 2010 for a period of five years upon the terms and conditions and stipulations contained in the draft Agreement to be entered into between the Company and Ms.H S Zaveri, a copy whereof is placed before the meeting and for the purpose of identification initialled by the Chairman hereof. The terms and conditions are as under:

- A. Ms.H S Zaveri, Managing Director shall carry out duties as may be entrusted to her subject to the supervision and control of the Board of Directors.

Basic

Rs.4,00,000 in the grade of Rs.3,00,000 - Rs.10,00,000

Annual increments effective 1st October each year will be decided by the Board and will be merit based and take into account the Company's performance.

Cash allowances

Other allowance Rs. 77,500 p.m. payable as per the rules of the company

Perquisites

In addition to the basic salary the perquisites noted below will also be payable.

(i) Housing

1. Free unfurnished accommodation in case the accommodation is owned by the company.
2. In case the accommodation is hired by the Company the expenditure by the Company on hiring such unfurnished accommodation for the Managing Director will be subject to a ceiling of 60% of the salary over and above 10% payable by the Managing Director.
3. In case no accommodation is provided by the Company house rent allowance subject to a ceiling of 60% of the monthly basic salary.

- (ii)** The expenditure incurred by the company on providing gas, electricity, water and furnishings for the accommodation shall be valued as per the Income tax rules 1962.

(iii) Leave travel assistance

Once in a year, incurred in accordance with the rules specified by the Company, subject to a ceiling of Rs.1,00,000-p.a.

(iv) Club Fees

Reimbursement of membership fees for clubs.

(v) Reimbursement of Medical Expenses

Reimbursement of medical expenses for self, spouse and dependent children.

(vi) Medical Insurance

As per rules of the company.

(vii) Personal Accident Insurance

Premium not exceeding Rs.5500/- p.a.

(viii) Provision of car with driver and telephone at residence will not be considered as perquisites.

(ix) Contribution to Provident Fund, Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income-Tax Act, Gratuity payable will not exceed half a month's salary for each completed year of service.

C. Commission

Such remuneration by way of Commission at the rate of 1% for each financial year, in addition to the above salary and perquisites calculated with reference to the net profit of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Act, and limited to half year's basic salary will be payable to the Managing Director for the relevant financial year.

D. Minimum Remuneration

"RESOLVED FURTHER THAT, in the event that during the currency of the tenure of Ms.H S Zaveri as the 'Managing Director', the Company has no profits or its profits are inadequate, the consent of Company be and is hereby accorded, subject to the approval of the Central Government in this regard, to continue to pay the remuneration as mentioned herein and as determined by the Board of Directors to Ms.H S Zaveri without any requirement of Ms.H S Zaveri refunding to the Company, in accordance with the provisions of Section 309 of the Act, such part of the remuneration as agreed herein, which may be in excess of the remuneration payable to her in accordance with the provisions of the Act."

"RESOLVED FURTHER THAT, if necessary, the Company be and is hereby authorised to make an application in the prescribed form within the prescribed period to the Central Government as per the provisions of Section 269 and Section 309 of the Act for obtaining its approval to payment of remuneration as provided above in the event it exceeds the limits provided in Part I and/or II of Schedule XIII to the Act and any of the Directors of the Company or the Company Secretary be and are hereby severally authorized to execute and sign such forms, writings, give such notice, as may be necessary in this regard."

9. To consider and, if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution:**

Amendment of Memorandum of Association

"RESOLVED THAT pursuant to provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 the Authorised Share Capital of the Company be increased from Rs.10,00,00,000 (Rupees Ten Crores only) divided into 5,00,00,000 Equity Shares of Rs.2/- each by creation of additional 5,00,00,000 (Five Crores only) Equity Shares of Rs.2/- each ranking pari passu in all respects with the existing equity shares of the company, to Rs. 20,00,00,000 (Rupees Twenty Crores only)"

"RESOLVED FURTHER THAT the Memorandum of Association of the company be and is hereby altered by substituting the existing clause V thereof by the following clause V:

"V. The Authorized Share Capital of the company is Rs.20,00,00,000 (Rupees Twenty Crores only) divided into 10,00,00,000 (Ten Crores only) Equity Shares of Rs.2/- (Rupees Two only) each with the rights, privileges and conditions attaching thereto as are provided in the Articles of Association of the company with power to increase or reduce or repay the capital or any portion thereof at any time and from time to time in accordance with the Articles of the Company and the legislative provisions for the time being in that behalf. The shares in the Capital of the Company for the time being whether original or increased may be divided, consolidated, and sub-divided into several classes by any issue of any class, of any value, with such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and with the right to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors or any Committee thereof of the company be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard, and to comply with all other requirements in this regard and for any matters connected herewith or incidental here to. "

10. **Issue of Bonus Shares**

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

"RESOLVED THAT in accordance with the relevant provisions of the Articles of Association of the Company and recommendation of the Board of Directors and subject to the Regulations issued by the Securities & Exchange Board of India and subject to such consents and approvals as may be required in this regard, consent of the Members be accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution), for capitalization of such amount out of the amount standing to the credit of the Share Premium Account as may be considered necessary by the Board for the purpose of issue of Bonus Shares 1(one) bonus equity share of the face value of Rs.2/- each credited as fully paid Equity Shares for every 1 (one) Equity Share held by the members whose names appear in the register of members or as the beneficial owners of the equity shares of the company, in the records of the depositories, at the close of business on such date (hereinafter referred to as the "record date" to be hereafter fixed by the Board."

"RESOLVED FURTHER THAT :

- a. the issue and allotment of the Bonus Shares to the extent they relate to Non-Resident Indians, Persons of Indian Origin and other foreign investors of the Company will be subject to the approval of the Reserve Bank of India, as may be necessary."
- b. the new Equity Shares of Rs.2/- each to be allotted as Bonus Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with and carry the same rights as the existing Equity Shares and shall be entitled to participate in full in any dividend to be declared for the financial year in which the Bonus Shares are allotted."
- c. no Letter(s) of Allotment shall be issued to the allottees of the Bonus Shares and that the Share Certificates in respect of the new Equity Shares shall be issued and dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf, from time to time, except that the Bonus Shares will be credited to the demat accounts of the allottees who are holding the existing Equity Shares in the electronic form."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Bonus Shares so allotted on the Stock Exchanges where the securities of the company are listed as per the provisions of the Listing Agreement."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be authorized to do all such acts, deeds, matters and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the issue, allotment and distribution of the new Equity Shares."

By Order of the Board

S C Rangani
Secretary

June 1, 2010

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 27th July, 2010 to 4th August, 2010 (both days inclusive).
3. 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 26th July, 2010.

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 26th July, 2010.

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., 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093 before 26th July, 2010.

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 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 173(2) OF THE COMPANIES ACT, 1956.

Item No: 6

Appointment of Mr. Anand N Desai as Additional Director

The Board of Directors appointed Mr. Anand N Desai as Additional Director vide Circular Resolution dated 24th April, 2010 effective that date. In terms of section 260 of the companies Act, 1956 and Article 114(A) of the Articles of Association of the Company, Mr. Desai 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 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member proposing the candidature of Mr. Anand N Desai 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.6 of the accompanying notice. Except Mr. Anand Desai none of the other Directors are interested or concerned with the resolution.

Item No : 7

Appointment of Mr.T S Sahney as Executive Chairman

Mr. T S Sahney was appointed as Managing Director of the company for a period of 5 years with effect from October 1,2005 at the Annual General Meeting of the company held on August 11,2005.His term ends on 30th September'2010.

Considering the growth plans of the company in the next few years, the Board of Directors at their meeting held on 24th May,2010 approved a restructuring of the management structure and have approved the appointment of Mr. T S Sahney as Executive Chairman for a period of 3 years with effect from 1st October,2010. The Board considers that the company can benefit immensely from the wealth of knowledge and experience that Mr. T S Sahney has accumulated during his working in the bearings industry. As members are aware, Mr. T S Sahney is one of the founder – promoters of the company and has nurtured its growth since its inception.

The Directors recommend passing of the resolution set out at item no.7 of the accompanying notice. Except Mr. T S Sahney, Ms. H S Zaveri and Mr. D S Sahney none of the other Directors are interested or concerned with the resolution.

Item No : 8**Appointment of H S Zaveri as Managing Director**

Ms.H S Zaveri was appointed as President and Whole time Director of the company for a period of 5 years with effect from April 1,2005 at the Annual General Meeting of the company held on August 11,2005. At the board meeting held on 30th January, 2009 the Board of Directors have approved the re-appointment of Ms. H S Zaveri as President and Whole time Director for a further period of 5 years w.e.f. 1st April, 2009 to 31st March, 2014 on the terms and conditions including remuneration as approved at the board meeting held on 7th June, 2007. The Board of Directors at their meeting held on 24th May, 2010 have enhanced the remuneration of all Whole time Directors in line with market levels w.e.f.1st April, 2010.

Considering the growth plans of the company in the next few years, the Board of Directors at their meeting held on 24th May,2010 approved a restructuring of the management structure and have approved the appointment of Ms.H S Zaveri as Managing Director for a period of 5 years with effect from 1st October, 2010. The Board considers that Ms.H S Zaveri can steer the company on its committed path of rapid growth to benefit from the strength of the fast growing Indian automotive industry and will help the company exploit synergies in all sectors and leverage opportunities as they arise.

The Directors recommend passing of the resolution set out at item no.8 of the accompanying notice. Except Mr. T S Sahney, Ms. H S Zaveri and Mr. D S Sahney none of the other Directors are interested or concerned with the resolution.

Item Nos: 9 & 10**Amendment of Memorandum of Association/Issue of Bonus Shares**

In view of the proposed issue of Bonus Shares, the Authorised share capital of the company is being increased from the existing Rs.10 crores comprising 5,00,00,000 Equity Shares of Rs.2/- each to Rs.20 crores comprising of 10,00,00,000 Equity Shares of Rs.2/- each and for this purpose the Memorandum of Association of the Company is proposed to be altered in terms of Section 94 of the Companies Act, 1956, in the manner set out in item no.9 of the Notice.

At the meeting held on 1st June, 2010 the Board has recommended issue of Bonus shares in the ratio of 1:1 i.e. one new fully paid equity share of Rs.2/- each for every one fully paid equity share of Rs.2/- each to the eligible members of the company as on the record date to be fixed by the Board for this purpose.

The Bonus issue is expected to increase the market capitalization of the company and also result in improved liquidity.

The Bonus shares shall be issued pursuant to the applicable provisions of the Companies Act, 1956, Article 165 of the Articles of Association of the Company, the SEBI (Issue of Capital and Disclosure requirements) Regulations 2009 and subject to such other approvals, if any required, after capitalizing an appropriate sum as may be determined by the Board out of the amount standing to the credit of the Share Premium Account.

The Bonus shares so allotted shall rank pari passu in all respects and carry the same rights as the existing fully paid up equity shares of the company.

The Directors of the company may be deemed to be concerned or interested in the issue of Bonus shares to the extent of their respective shareholding in the company.

Items 9 & 10 are in the interest of the company and the Board commends the same for approval of members.

Notes on Directors seeking appointment/re-appointment

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

1. Mr.K M Elavia

Age	64 Years
Qualifications	B.Com (Hons) FCA
Expertise/Experience	39 years of post qualification experience. Former partner of M/s.Kalyaniwalla & Mistry,Chartered Accountants
Director Since	30.01.2006
List of other Indian Public companies In which Directorship is held	<ol style="list-style-type: none"> 1. Allcargo Global Logistics Limited 2. Goa Carbon Ltd. 3. Sulzer India Ltd 4. Uni Abex Alloy Products Ltd 5. Uni Deritend Ltd. 6. Uni Klinger Ltd. 7. Great Offshore Ltd. 8. Insilco Ltd. 9. Peerless Trust Management Co.Ltd.
Chairman/Member of Committees in other public companies in which he is a Director	<ol style="list-style-type: none"> 1. Member Shareholders'/ Investors' Grievance Committee - Sulzer India Ltd. 2. Chairman of Audit Committee - Sulzer India Ltd. - Uni Abex Alloy Products Ltd. - Allcargo Global Logistics Ltd. - Peerless Trust Management Co.Ltd. 3. Member of Audit Committee - Goa Carbon Ltd. - Insilco Ltd.
No.of shares held	Nil

2. Ms.H S Zaveri

Age	50 Years
Qualification	AB(BA)USA, B.Ed
Expertise/Experience	23 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 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- Member-Audit Committee Member-Shareholder/Investor's Grievance Committee
No.of shares held	19,43,470