



NRB
BEARINGS



48th Annual Report 2012-2013

ANNUAL REPORT

2012-2013

Directors	:	Trilochan Singh Sahney, Executive Chairman Dr.(Ms)Kala S Pant Harshbeena S Zaveri – Managing Director & President Keki M Elavia Devesh S Sahney Anand N Desai Satish C Rangani - Executive Director & Company Secretary Tashwinder Singh
Bankers	:	BNP Paribas Citibank N.A. DBS Bank
Auditors	:	Deloitte Haskins & Sells
Solicitors	:	Wadia Ghandy & Co.
Registered Office	:	Dhannur, 15 Sir. P M Road, Fort, Mumbai 400 001. Tel. : 022-2266 4160 / 2266 4998 Fax :022-2266 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 Panthnagar, Udhamsingh Nagar, Uttarakhand-263 153.
Registrar & Share Transfer Agent	:	Universal Capital Securities Pvt.td. (Formerly known as M/s.Mondkar Computers Pvt.Ltd.) 21, Shakil Niwas, Mahakali Caves Road Andheri (East), Mumbai 400 093 Tel: 022-2836 66 20, 28207203-05 Fax: 022-2836 9704, 28207207

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AGM NOTICE

The Members,
NRB BEARINGS LIMITED

NOTICE IS HEREBY GIVEN that the 48th 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 23rd July, 2013 at 3.00 p.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, 2013.
2. To declare a dividend for the year ended 31st March, 2013.
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 Mr.Anand N Desai 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, 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, the following Resolution as a Ordinary Resolution:

Appointment of Mr.Tashwinder Singh as Additional Director

"RESOLVED THAT Mr.Tashwinder Singh, who was appointed as an Additional Director by the Board of Directors of the Company on May 29, 2013, 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, 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, 2013 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.5,00,000 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.

- 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.6500/- 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."

By Order of the Board

S C Rangani
Secretary

May 29, 2013

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 16th July, 2013 to 23rd July, 2013 (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 23rd July, 2013.

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 15th July, 2013.

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 Universal Capital Securities Pvt. Ltd. (Formerly known as M/s. Mondkar Computers Pvt. Ltd.) 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093 before 15th July, 2013.

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 192A(2) and 173(2) OF THE COMPANIES ACT, 1956.**Item No: 6****Appointment of Mr. Tashwinder Singh as Additional Director**

The Board of Directors appointed Mr. Tashwinder Singh as Additional Director at the Board meeting held on 29th May, 2013 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. Singh 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. Tashwinder Singh 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. Tashwinder Singh 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 Executive Chairman of the company for a period of 3 years with effect from October 1, 2010 at the Annual General Meeting of the company held on August 4, 2010. His term ends on 30th September 2013.

The Board of Directors at their meeting held on 29th May, 2013 approved the re-appointment of Mr. T S Sahney as Executive Chairman for a further period of 3 years with effect from 1st October, 2013. 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.

Notes on Directors seeking appointment/re-appointment

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

1. Ms.H S Zaveri

Age	53 Years
Qualification	AB(BA)USA, B.Ed
Expertise/Experience	26 years experience in the bearing industry. Held positions in areas of Corporate Planning, Purchase & Imports, Marketing and created strategic plan for NRB to become a supplier to global OEMs Appointed President in 2001, under her leadership company has consistently grown in sales and profit and is today an Indian company in an extremely precision industry competing with European, American and Japanese bearing companies on their home grounds. Elevated to Managing Director & President in October 2010.
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	4464732

2. Mr.Anand N Desai

Age	52 years
Qualification	Law degree from the Bombay University and completed his LLM in international Law from the University of Edinburgh, Scotland.
Expertise/Experience	He is the managing partner DSK Legal, one of India's leading law firms. He has extensive experience in the fields of banking and financial services law.
Director Since	April, 2010
List of other Indian Public companies	-
In which Directorship is held	L&T Welfare Company Ltd
Chairman/Member of Committees in other public companies in which he is a Director	-
No.of shares held	-

3. Mr.Tashwinder Singh

Age	43 years
Qualification	BE Electrical, MBA (Delhi University)
Expertise/Experience	22 years of work experience. Started his career with Voltas Ltd (Electrical Business Group) and worked with Citigroup for 18 years in operations management, business development, commercial banking and private banking. Currently Director with Kohlberg Kravis Roberts, a reputed International Investment Banking firm.
Director Since	May, 2013
List of other Indian Public companies	
In which Directorship is held	-
Chairman/Member of Committees in other public companies in which he is a Director	-
No.of shares held	-

By Order of the Board

S C Rangani
Secretary

May 29, 2013

DIRECTORS' REPORT

To
The Members
NRB BEARINGS LIMITED
Mumbai

Your Directors have pleasure in presenting their Forty-eighth Annual Report together with Audited Accounts for the year ended 31st March, 2013.

1. Financial Results

	Year ended 31st March, 2013 Rs. lacs	Year ended 31st March, 2012 Rs. lacs
Profit before providing for Depreciation and taxation	8501.72	9664.06
Less: Depreciation	2997.18	2777.34
Provision for taxation		
Current (net)	1151.60	2045.07
In respect of earlier years	(254.45)	1.50
Deferred tax	(96.18)	11.48
Profit after taxation	4703.57	4828.67
Add: Balance brought forward	7475.11	5373.19
	12178.68	10201.86
Appropriation:		
Dividend	1647.68	1938.45
Tax on distributed profits	269.82	305.43
General Reserve	470.36	482.87
Debenture Redemption Reserve	166.67	-
Profit & Loss Account	9624.15	7475.11
	12178.68	10201.86

2. Appropriation

Dividend

Directors recommend dividend of Rs.1.70/- per equity share of Rs.2/- (Rs.2.00 per share for previous year) payable to members/beneficial owners as per the Register of Members as applicable aggregating Rs.1647.68 lacs.

3. Operations / Outlook

In FY 2012-13, as the year progressed, business environment remained difficult and operating in such an testing environment proved challenging. Amidst this sluggish environment your company once again achieved its highest ever sales turnover of Rs.56856 lacs (previous year Rs. 54071 lacs) a growth of 5.15% and also achieved its highest ever exports of Rs.14973 lacs (previous year Rs.7055 lacs). Profit before tax is lower at Rs.5505 lacs (previous year Rs.6886 lacs) down by 20.05% on account of higher input costs and finance costs. Benefiting from the lower effective tax rate on account of Pantnagar plant operations and R&D weighted deduction, the Profit after tax (PAT) was marginally down by 2.57% at Rs.4704 lacs (Rs.4828 lacs in 2011-12).

Indian economy has grown at its slowest pace in the last decade affected by factors like high inflation, tight liquidity and fiscal imbalances which affected the investment sentiments. Infrastructure development has suffered from lack of clarity on policy and high capital costs. The overall volatility in the environment has had a negative influence on consumer sentiment and demand. Even though the consumption story remains strong for India over a longer term period, the economy is still exposed to blips in the short term. Your company is committed towards

investing in NRB's future and for developing its R&D capabilities. We are confident that our capital expenditure programmes will enable us, in the long term, to take full advantage of our market position and achieve our growth ambitions.

As we move forward, revival of economical growth and appetite for investment among business leaders will depend largely on the pace of policy and structural reforms. Planned positive interventions by the Government in upgrading basic infrastructure across the country and skill enhancement of the young population, will eventually shape the way the Indian economy grows. Technology and innovation will be the leading drivers for growth and your company is taking steps to invest in qualitative growth as a part of its continuous improvement processes.

4. **Public Deposits**

The company has not taken fixed deposits during the year. There are no unclaimed deposits.

5. **Directors**

Ms.H S Zaveri and Mr.Anand N Desai retire by rotation pursuant to Article 111 of the Articles of Association and are eligible for reappointment.

Mr. Tashwinder Singh has joined the Board as an independent non- executive Additional Director. The company has received notice from a shareholder proposing his appointment beyond the conclusion of the forthcoming Annual General Meeting, and accordingly the same has been included in the Notice.

6. **Subsidiaries**

As of 31st March, 2013 the company has two subsidiaries viz. SNL Bearings Ltd (SNL), and NRB Bearings (Thailand) Ltd. The consolidated results include the working of these subsidiaries.

SNL Bearings, in which your company holds 73.45% equity, has reported PAT of Rs.423.04 lacs (previous year Rs.446.51 lacs). Your company's net sales have grown by 12% in a slowing market, but with increased charges towards depreciation, finance and tax, PAT has shown a marginal decline. Capacity utilization has improved to keep pace with the growth in demand and the company has also undertaken investments to further enhance capacities. Your company will continue to make every effort to further improve its performance during the current year, by capitalising on the growth opportunities.

NRB Bearings (Thailand) Ltd, a wholly owned subsidiary, has increased its sales by 38% to THB 76.4 million (Rs.1413 lacs). The share of manufacturing revenues out of total revenues has been 18% at THB 13.45 million (Rs.250 lacs) which is expected to go up to 40% of total revenues in the current financial year to THB 50.0 million (Rs.925 lacs). The loss for the year has been reduced to THB 13.66 million (Rs.253 lacs) from THB 19.98 million (Rs.330 lacs). Manufacture of new products as well as enhanced production of needle rollers, planned during FY 2013-14 will ensure an improved financial performance.

Consequent upon the Scheme of Arrangement becoming effective from 1st October, 2012, NRB Industrial Bearings Ltd (NIBL) and Scheneberger India Pvt. Ltd. have ceased to be a subsidiary and joint venture company respectively. The results for the financial year include the performance of these two companies till 30th September, 2012.

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 is committed to establishing and maintaining a safe working environment that promotes the health and performance of all our employees as well as taking active measures to protect the environment. We also make sure that our employees working on the shop floor use safety equipments while working on the machines so that we can have safe and healthy work environment without losing our family members.

Company has been awarded and internationally recognized with external certification viz. ISO14001:2004 (for adherence to environmental processes), OHSAS: 18001:1999(for Health & Safety) and ISO/TS: 16949:2002 (quality management)

The commitment to the environment extends beyond legal compliance requirements and initiatives are underway across the company's locations to minimize the consumption of natural resources and reducing waste and emissions that include rainwater harvesting, vermiculture, recycling of waste water, etc.

There have been numerous initiatives by us towards our environment and our employees :

1. Planting of 300+ trees during the last 12 months.
2. Safety is accorded the highest priority by the company. The Safety policy inter alia ensures safety of public, employees, plant, equipment and business associates, ensuring compliance with all statutory rules and regulations on an ongoing basis.

Special initiatives are being taken up such as mock drills, up gradation of Fire protection systems, encouraging reporting of near-miss incidents. We are striving to achieve "Zero-Accident Tolerance".
3. Setting up of Solar Lights in our factory premises so that less electricity is consumed and efficiency can be maintained through natural resources.
4. Significant reductions have been achieved across all locations in minimizing the requirement of electricity, use of less petrochemicals, grease, turpentine, etc.
5. Rain water harvesting to alleviate shortage of water in the drought hit Aurangabad region.
6. Strict policy for non-consumption of tobacco and intoxicating materials, is in line with the physical and mental health of employees. Regular awareness programs conducted to educate employees about the same and also other types of diseases like diabetes and reactions in emergency situation like heart attacks.
7. Yoga sessions for all its employees to make sure that the employees are fit and stay healthy resulting in higher productivity and better living of the employees.

11. **Corporate social responsibility**

NRB has always believed in and worked towards "inclusive growth"- improving the quality of life of the people we touch and in the communities where we operate. In addition to the company further strengthening its partnership with the local authorities like ITI's and contributing to the skills development of locals, our company has joined hands with Habitat for Humanity to build homes in Aurangabad Region. Habitat for Humanity is a nonprofit organization that seeks to provide safe, decent and affordable shelter for the poor. By partnering with Habitat, we will get an opportunity to bring about a tangible change in the lives of people and strengthen our commitment to social change

NRB focuses on education; particularly for underprivileged communities and women. It is one of the founder partners of the First Tech Challenge, part of the FIRST: For Inspiration and Recognition in Science and Technology program in India. The project is part of a technological literacy movement that seeks to bridge the academic gap and inspire all students to design products of the future.

During the year, your company has encouraged and supported young engineers and budding technology/ automotive enthusiasts through the following sponsorships :

- 1 Team IIT Bombay Racing team sponsored in 2012 and 2013 for the largest educational motorsport event hosted by the Institution of Mechanical Engineers in Europe with over 100 participating nations.