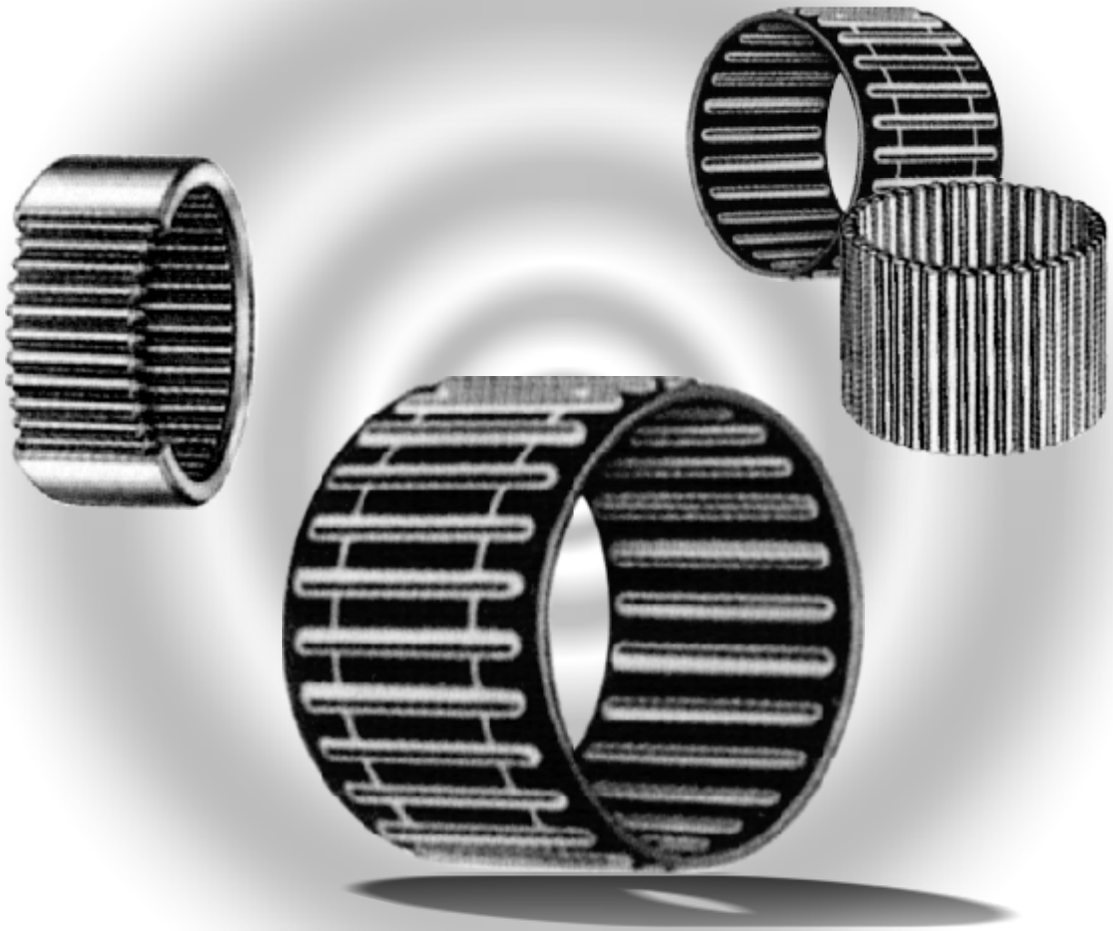


**Bearings**

# 28<sup>TH</sup> ANNUAL REPORT 2007-2008



**S N L BEARINGS LIMITED**

# SNL BEARINGS LIMITED

## BOARD OF DIRECTORS

Mrs. H. S. Zaveri  
Mr. M. N. Hoda  
Mr. S. C. Rangani  
Mr. J. S. Maini  
Mr. V. S. Iyer

## BANKERS

BNP Paribas

## AUDITORS

M/s. A. F. Ferguson & Co.  
Chartered Accountants  
Maker Towers, Block "E"  
Cuffe Parade  
Mumbai - 400 005

## REGISTERED OFFICE

Dhannur  
15 Sir. P. M. Road  
Fort, Mumbai 400 001

## WORKS

Ratu Road, Ranchi - 834 001

## REGISTRAR & SHARE TRANSFER AGENT

Mondkar Computers Pvt.Ltd.  
25, Shakil Niwas  
Mahakali Caves Road  
Andheri (East)  
Mumbai - 400 093  
Tel:2836 6620, 2826 2920  
Fax:2836 9704



## AGM NOTICE

To,  
The Members  
SNL BEARINGS LIMITED

NOTICE is given that the Twenty Eighth Annual General Meeting of the Company will be held at the Conference Room, 6th Floor, Dhannur, Sir P. M. Road, Fort, Mumbai 400 001 on Thursday 24th July, 2008 at 3:00 p.m. to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited Profit and Loss Account for the period ended 31st March, 2008 and Balance Sheet as at that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.S C Rangani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. M N Hoda who retires by rotation and being eligible offers himself for re-appointment.
4. 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."

Registered Office  
Dhannur, 15, Sir P. M. Road,  
Fort, Mumbai- 400 001  
Dated : April 24, 2008

By Order of the Board

**S C Rangani**  
Director

### Notes:

1. **THE MEMBERS WHO ARE ENTITLED TO ATTEND AND VOTE AT THE MEETING ARE ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON THEIR BEHALF AND PROXY NEED NOT BE A MEMBER.**
2. Proxy to be effective should be submitted at the Registered Office of the company not later than 48 hours before the commencement of the meeting.
3. The Register of members of the company and Transfer Books will be closed from 14th July,2008 to 24th July, 2008 (both days inclusive).
4. Members/Proxies are requested to bring their attendance slip duly filled in and their copy of the Annual Report for the meeting.
5. A brief resume of Mr.S C Rangani, Director, proposed to be reappointed vide Ordinary business no.2 in the notice is as follows:  
Mr. S C Rangani (59 yrs) is a graduate in commerce with post graduate qualifications in Management Studies and professional qualifications as a Co.Secretary. He has over 37 yrs. experience in management positions in various industries of which the last 15 years are as head of Finance and Company Secretary in the holding company
6. A brief resume of Mr. M N Hoda Director, proposed to be reappointed vide Ordinary business no.3 in the notice is as follows:  
Mr. M N Hoda (70 yrs) holds a diploma in Mechanical Engineering from Andhra University. He was associated with NRB Bearings Ltd. in various technical positions for 39 yrs. and has extensive experience in the field of bearing manufacture. He plays a key role in advising management and board members on all technical aspects in respect of the Ranchi plant.

By Order of the Board

**S C Rangani**  
Director

April 24, 2008



## DIRECTORS' REPORT

To,  
The Members  
SNL Bearings Limited

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

### 1. Financial Results

	Year ended 31 <sup>st</sup> March, 2008 Rs. in lacs	Year ended 31 <sup>st</sup> March, 2007 Rs. in lacs
Profit/(Loss) before providing for interest & depreciation & Prior period Adjustments	446.49	405.92
Less : Interest	94.16	102.66
Less : Depreciation	74.24	87.64
Profit/(Loss) Before Tax	278.09	215.62
Provision for tax	2.03	1.37
Profit/(Loss) After Tax	276.06	214.25
Add : Balance brought forward from previous year	(1202.17)	(1416.42)
Balance carried to Balance Sheet	(926.11)	(1202.17)

### 2. Operations

Net sales during the year at Rs. 1556 lacs (previous year Rs.1438 lacs) are 8.2% higher than the previous year. Only the passenger cars and commercial vehicle segments of the automotive industry have shown growth during the year. Production during the year was maintained at a higher level than the previous year on account of the higher off takes of semi finished components by the holding company. This has resulted in an overall growth for the company.

The company has made a profit before tax of Rs. 278.09 lacs (previous year 215.62 lacs) as a result of the higher volumes and the continuing efforts for cost reduction and improvement in efficiencies. The benefits of the above measures are expected to be sustained during the current financial year.

No dividend on Preference shares or on equity shares has been recommended for the year.

### 3. Public Deposits

The company has not taken fixed deposit during the year. As on 31.3.2008 there are no fixed deposits with the company.

### 4. Directors

Mr. S C Rangani and Mr. M N Hoda retire by rotation but being eligible offer themselves for re-appointment.

**5. Finance**

Effective monitoring of inventories and receivables have helped the company to restrict working capital requirements. Financial support has continued to be available from the holding company at favourable rates of interest in the context of rising interest rate scenario. The company has repaid Rs. 400 lacs during the year out of the unsecured loans availed by it, which will reduce interest costs in the coming years.

**6. Information regarding employee pursuant to section 217(2A) of the Companies Act, 1956.**

There was no employee -

- a. employed throughout the period under review, receiving remuneration in aggregate not less than Rs.24,00,000/-
- b. employed for the part of the period receiving remuneration not less than Rs.2,00,000/- per month

**7. Information pursuant to section 217(1)(e)**

- a. Measures taken for conservation of energy

The company is making all efforts for conservation of energy on a continuous basis. With various technological improvements the energy consumption per bearing has been reduced to 0.170 KWH as against 0.195 KWH in the previous year.

The other specific measures resorted to are:

- Replacing Thermonic Valve Panel of HF Annealing machine with Thyristor Control Panel resulting in energy saving of 28704 KWH p.a. and cost saving of Rs.1.54 lacs on an annual basis.
- Replacing DC motors of grinding machines with AC motors to enhance the life of the motor.

- b. Technology absorption

With the objective of improving productivity as well as quality, during the year the company has continued its efforts on development of special purpose machines and toolings, improvements in process parameters and reduction in cycle times.

- c. Foreign exchange earnings & outgo

Details regarding expenditure and earnings in foreign exchange have been given in Note Nos. 12 & 13 respectively in Schedule No.19 of the audited accounts of the company.

**8. 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 General Manager of the Company.

The relevant certification on the various matters specified under paragraph V of clause 49 has been done by the General Manager and a Director of the Company.



**9. 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 explanations relating to material departures, if any, have been furnished;
- ii. accounting policies as listed in the Schedule 18 to the financial statements have been judiciously selected and consistently applied and reasonable & 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.

**10. Qualification in Auditor's Report**

The auditors have qualified their report stating that there is an unfunded gratuity liability of Rs. 30.65 Lacs, determined actuarially that has not been fully provided in the accounts for the year, and hence the requirements of Accounting Standard (AS) 15 on 'employee benefits' have not been met. Utilisation of working capital towards the funding of this liability, would have adversely affected the operations of the company. Accordingly, it has been decided to fund this liability in phases during the current financial year and ensure full compliance of AS 15 by the end of the current financial year.

**11. Auditors**

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

Pursuant to the directions received from the Central Government, M/s. Aspi Bhesania & Co., have been reappointed as the Cost Auditors to audit the cost accounts of the company for the year ended 31st March, 2009.

**12. Acknowledgements**

Your Directors acknowledge the valuable support and active involvement by all members of the management team of NRB Bearings Ltd. The Board also records their appreciation of the support and contribution by the company's bankers, customers, suppliers and all employees of the company.

On behalf of the Board

**(Ms.) H S ZAVERI**  
Chairman

Mumbai: April 24, 2008



## MANAGEMENT DISCUSSION & ANALYSIS

### Industry structure and development

Your company operates in the Antifriction bearing industry which is segmented into ball bearings and roller bearings (Tapered, Cylindrical, Needle, Spherical, Thrust and other special application bearings). The major user industries of antifriction bearings are automobiles, general engineering, railways, electrical equipment etc. The market segmentation of demand is approximately 60% from original equipment manufacturers (OEM) and the balance coming from the replacement market/exports.

During the year the organised bearing industry in India produced bearings valued at Rs. 2650 crores registering a growth of 7.5%. Demand for needle roller bearing products, which your company manufactures, has also grown in proportion and your company has been able to register a growth rate of 8%. Accordingly the market share of your company in the overall industry has marginally improved. In the needle bearing segment its market share is estimated at about 8%.

### Economic Environment

The Indian economy has continued its trend of higher growth rates and has registered a growth of 8.2% in FY 2008. A surge in domestic inflation rates and the government measures to control the same have resulted in a rising interest rate scenario. While capital investments in many sectors for creating fresh capacity are expected to continue the rising interest rate scenario could affect demand in certain segments of the economy. The automotive industry, which is the largest user segment for the Indian bearing industry, has already witnessed a slowdown during 2007.

### Opportunities and Threats

The automotive and engineering sectors are expected to grow further during the current year with liberalisation of industrial policy, rationalisation of duty structures, growth in demand from export markets. The Indian automotive sector has emerged as one of the fast growing markets in the emerging world with world majors focusing on launching new utility vehicles, new heavy duty commercial vehicles, new fuel effective passenger car models and two wheelers in the coming years. With huge investments in infrastructure improvement and the close correlation of bearings demand to growth in manufacturing and infrastructure investments, the company expects to benefit from the continuous increase in demand.

The domestic bearing industry is facing the following threats :

- a. Reduced import duties on bearings - custom duties on imports have come down significantly over the last few years and with FTAs being planned with various countries are expected to reduce further which would result in stiff competition from the international market including cheaper imports from China and Eastern Europe. Appreciation of the rupee has further contributed to cheaper imports.
- b. Increase in input prices, particularly steel and petroleum based products - steel prices in the past few years have appreciated significantly resulting in pricing and margin pressure on bearing manufacturers.

The industry and your company are taking all steps to improve competitiveness by reducing costs and improving quality.

### Financials

The company has made a profit of Rs. 276 lacs as compared to Rs.214 lacs in the previous accounting year. The net sales at Rs. 1556 lacs are 8.2% higher as compared to net sales of the previous year.



The sluggish off takes from the two/three wheeler, commercial vehicles and tractor segments of the automotive sector restricted the company from achieving its targeted sales. The company supplied additional quantities of semi finished components to the holding company and this has contributed to the improvement in net sales.

The company is continuing its efforts to enhance volumes to improve capacity utilization, reduce costs, improve efficiencies and broad base its product profile so that the financial results can be further improved during the current financial year.

### **Risks and risk mitigation**

The following risks have been identified and risk mitigation measures initiated.

#### **Dependence on the automotive segment**

The automotive industry is a major end user of the company's products. This industry in turn is a cyclical industry and is normally regarded as an industry with strong price pressures. Risk mitigation is by way of catering to different segments of the auto industry i.e. commercial vehicles, passenger cars, two/three wheelers, multi-utility vehicles, tractors, ancillaries each of which has its own business cycle.

#### **Competition risk**

The expected lowering of duties and ever increasing international competition under globalization may be more severe in the years to come. Intense competition from the un organized sector in the domestic industry alongwith cheap imports of bearings from China and other low cost countries poses risk from the margins. As part of risk mitigation your company is taking all steps to improve operational efficiencies and eliminate non value added activities.

#### **Internal control systems and adequacy**

The company has in place adequate internal control systems covering all its operations. Proper accounting records highlight the economy and efficiency of operations, safeguarding of assets against unauthorized use or losses, and the reliability of financial and operational information.

Some of the significant features of the internal control systems are:

- a. Internal auditors who in addition to transaction audit cover operational audit and review business processes and performance
- b. Standard operating procedures and guidelines are reviewed periodically to ensure adequate control, including recommendations to strengthen business processes. Improvements/modifications are done to meet with changes in business conditions, statutory and accounting requirements

The Audit Committee meets periodically with the management, statutory auditors and internal auditors to review significant findings and follow up thereon.

#### **Segmentwise Performance**

During the current year also, the company has manufactured special purpose machines and tools for the bearing industry which has resulted in a better utilization of assets and other resources of the company. Accordingly while ball and roller bearings remain the primary business segment, the results of the Special purpose machine segment are also reported as some of the assets and liabilities of the company were expended towards this business segment. The details of the segment performance are tabled below:





## SEGMENT INFORMATION

### Primary Segments- Business Segments

	2007-08			2006-07		
	Bearings	Special Purpose Machines	Total Amount	Bearings	Special Purpose Machines	Total Amount
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
<b>A Segment Revenue</b>						
Net Sales to Customers	1472.81	83.03	1555.84	1326.43	111.43	1437.86
Inter Segment Revenue	-	-	-	-	-	-
Total Segment Revenue	1472.81	83.03	1555.84	1326.43	111.43	1437.86
<b>B Segment Results</b>	381.20	23.89	405.09	316.40	27.72	344.12
Less: Unallocated corporate expenses			57.34			58.10
Less: Interest expense			94.16			102.66
Unallocated income			24.50			32.26
<b>Profit before tax</b>			278.09			215.62
Less: Provision for taxation			2.03			1.37
Profit after tax			276.06			214.25
<b>C Segment Assets</b>	1269.04	94.33	1363.37	1184.85	25.00	1209.85
Unallocated corporate assets			4.68			196.45
Total Assets			1368.05			1406.30
<b>D Less: Segment Liabilities</b>	195.36	4.69	200.05	168.30	9.34	177.64
Less: Unallocated corporate liabilities			717.93			1054.65
Total Liabilities			917.98			1232.29
<b>E Cost incurred during the period to acquire segment fixed assets</b>	12.32	-	12.32	26.14	-	26.14
<b>F Depreciation / Amortisation</b>	49.21	-	49.21	59.19	-	59.19
<b>G Non-cash expenses other than depreciation/amortisation</b>	-	-	-	-	-	-

### Industrial Relation and Human Resource management

The company's industrial relations with all employees at its Ranchi plant have been generally cordial except for a short period during October-November'07 when the workmen of Ranchi plant went on a strike demanding additional bonus and raising the issue of suspension initiated against a workman who had been found guilty of indiscipline during his working shifts. After continuous discussions with the workmen and the union the issues were resolved and the workmen resumed duty. Thereafter the relations between the workmen and the management have been cordial.

The HR agenda for the year was focused on building organizational and individual capabilities and enhancing people productivity to drive sustainable business growth.

Permanent employees directly employed by the company currently total 195 nos.

### Cautionary Statement

Statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.



## CORPORATE GOVERNANCE

Details of the compliance of the Corporate Governance Code are given below:

### 1. Board of Directors

#### a. Composition:

The company is Board managed. All directors are non executive directors and professionally competent. At present the Board consist of five members. The Board of Directors closely monitors the performance of the company and its management, approves and reviews strategy, ensures legal and ethical conduct and proper financial reporting. It is accountable to the shareholders as well as other stake holders for the long term health of the company.

Ms. H S Zaveri (48 yrs) is the Chairman of the Board of Directors. She is also the President of NRB Bearings Ltd. She has graduated from Wellesley College, USA and has 21 years experience in the bearings industry in various commercial and senior management positions in the holding company.

Mr. S C Rangani (59 yrs) is a graduate in commerce with post graduate qualifications in Management Studies and professional qualifications as a Company Secretary. He has over 37 yrs. experience in management positions in various industries of which the last 15 years are as head of Finance and Company Secretary in the holding company.

Mr. M N Hoda (70 yrs) holds a diploma in Mechanical Engineering from Andhra University. With his extensive experience of over 39 years in the bearings industry he has played a key role in advising the management on all technical aspects at the Ranchi plant.

Mr. J S Maini (66 yrs) holds a degree in Mechanical Engineering from Poona University. He retired from the position of General Manager (Aurangabad & Waluj plants), NRB Bearings Ltd., after meritorious service of 27 years with the company in various positions in the maintenance, manufacturing and commercial areas of the business. With his wealth of experience in manufacturing and currently in the business of marketing bearings, he is in a position to offer various inputs for the efficient running of the Ranchi plant.

Mr. V S Iyer (84 yrs) has a Master's degree in Arts and a Law degree from Bombay University and additionally professionally qualified as a Company Secretary. He is a practicing Company Secretary and has extensive experience in company law related matters.

Other than Ms. H S Zaveri who is part of the promoter family of NRB Bearings Ltd., Mr. S C Rangani who receives remuneration from the holding company, the other directors mentioned above are independent.

The directors have received remuneration only by way of sitting fees.

#### b. Board Meetings:

The Board of the Company, as also the various specialized committees constituted by the Board, held as many as 18 meetings including 4 meetings of the Board during 2007-08.

The maximum interval between any two meetings was 90 days. The Board held its meetings on 28th April, 2007, 26th July 2007, 25th October 2007, 24th January, 2008.



**c. Attendance of Directors:**

The overall attendance of Directors was 95%.

**Attendance of Directors  
At the Board Meetings held during 2007-08 and the last Annual General Meeting**

Sr. No.	Directors	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the last AGM (20 <sup>th</sup> July, 2006)
1	Ms. H S Zaveri	4	3	Yes
2	Mr. S C Rangani	4	4	Yes
3	Mr. M N Hoda	4	4	Yes
4	Mr. J S Maini	4	4	Yes
5	Mr. V S Iyer	4	4	Yes

Overall attendance in the Board Meetings: 95%

AGM : 100%

**a. Other Directorships:**

None of the Directors holds Directorship in more than 10 listed companies.

**Other Boards of which directors are Members**

Srl. No.	Name of Directors	Details of other Directorships *	Details of Committee Memberships
1	Ms.H S Zaveri	NRB Bearings Ltd NRB Bearings (Thailand) Ltd.	Member-Investor Grievances/ Share Transfer Committee
2	Mr. S C Rangani	NRB Bearings (Thailand) Ltd.	NIL
3	Mr. M N Hoda	NIL	NIL
4	Mr. J S Maini	NIL	NIL
5	Mr. V S Iyer	Remi Metals Gujarat Ltd	Chairman-Audit Committee Chairman-Investor Grievances Share transfer Committee

\*excluding private limited companies

**e. Membership of Board committees:**

None of the Directors holds membership of more than 10 Committees of Boards nor is any Director a Chairman of more than 5 Committees of Boards.

**f. Details of Directors being appointed/reappointed:**

Mr. S C Rangani and Mr. M N Hoda retire by rotation and are eligible for reappointment. The particulars of these directors are furnished elsewhere.



g. **Remuneration of directors:**

The directors have been remunerated only by way of sitting fees and no other benefits are paid.

Name of Director	Sitting fees (Rs.)	Total (Rs.)
H S Zaveri	37500	37500
S C Rangani	10000	10000
M N Hoda	17500	17500
J S Maini	20000	20000
V S Iyer	45000	45000
Gross total	130000	130000

2. **Audit Committee**

The Audit Committee of SNL was set up in July, 2002. The Committee, in order to comply with the condition of clause 49 of the listing agreement relating to composition of such committee, consists of three Non-executive Directors and is headed by Mr. J S Maini. The Members of the Committee have fair knowledge of project finance, accounts and company law and Mr. V S Iyer has the financial expertise. The committee held 4 meetings during the year, which were well attended by its members. The major terms of reference of the Audit Committee as stipulated in Clause 49 of the Listing Agreement are as follows:

- a. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchanges and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the Company of material nature with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.
- b. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- c. Reviewing the adequacy of internal audit functions.
- d. Discussion with internal auditors of any significant findings and follow up thereon
- e. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- f. Reviewing the Company's financial and risk management policies
- g. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.



### Attendance of Members at the Meetings of the Audit Committee held during 2007-08

Members	Meetings held	Meetings attended
Mr. J S Maini (Chairman)	4	4
Ms. H S Zaveri	4	2
Mr. V S Iyer	4	4

\* Overall attendance: 83.33%

### 3. Shareholders/Investors' Grievances Committee of Directors

The Board of Directors of the Company has set up a Shareholders/Investors' Grievances Committee of Directors comprising Mr. V S Iyer (Chairman), Ms. H S Zaveri, and Mr. M N Hoda. The shareholders of the Company are serviced by the share transfer agent- M/s.Mondkar Computers Pvt.Ltd. The transfers received by the Company are processed and transferred on a monthly basis. All requests for dematerialisation of shares are likewise processed and confirmation thereof is normally communicated to the investors and depository participants within 15 days of receipt thereof. The Committee also monitors redressal of investors' grievances.

As required by the Stock Exchanges, the Company has appointed Mr. S C Rangani, Director, as the Compliance Officer to monitor the share transfer process and liaison with the regulatory authorities.

### Attendance of the Members at the Meetings of the Shareholders/Investors' Grievances Committee of Directors held during 2007-08

Members	Meetings held during the tenure of the Director	Meetings attended
Mr. V S Iyer (Chairman)	10	10
Ms. H S Zaveri	10	10
Mr. M N Hoda	10	3

\* Overall attendance : 76.67%

### 4. General Body Meetings

The last 3 Annual General Meetings of the Company were held as below:

27th Annual General Meeting on 26th July, 2007 at 3.00 p.m.  
Conference Room, Dhannur, 15 Sir P M Road, Mumbai 400 001

26th Annual General Meeting on 20th July, 2006 at 3.00 p.m.  
Conference Room, Dhannur, 15 Sir P M Road, Mumbai 400 001

25th Annual General Meeting on 22nd July, 2005 at 3.00 p.m.  
Conference Room, Dhannur, 15 Sir P M Road, Mumbai 400 001

There were no special resolutions passed by the Company through postal ballot at any of the above meetings. At the ensuing Annual General Meeting, there are no resolutions proposed to be passed through postal ballot.

**5. Disclosures**

The Company has not entered into any transaction of material nature that may have a potential conflict with interests of the Company, with any of the Directors or their relatives during the year 2007-08. There are no subsidiary companies. Neither has any non-compliance with any of the legal provisions of law been made by the Company nor any penalty or stricture imposed by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to the capital markets, during the last 3 years.

**6. Means of Communication**

Information like Quarterly Financial Results and Press Releases on significant developments in the Company have been submitted to Stock Exchanges to enable them to put them on their web sites. The Quarterly Financial Results are published in English and vernacular newspapers.

A Report on Management Discussion and Analysis of Accounts has been included elsewhere in this report.

**7. General Shareholder Information**

The mandatory as also various additional information of interest to investors is voluntarily furnished in the following section on Investor information in this Report.

**8. Auditor's Certificate on corporate Governance**

The Auditor's Certificate on Compliance of Clause 49 of the Listing Agreement relating to Corporate Governance is published as an annexure to the Directors' Report.

**9. Non mandatory recommendations****a. Chairman of the Board – Re:Non-executive Chairman**

The Company's non-executive Chairman has not expressed any desire for a separate office.

**b. Remuneration Committee**

The Company has decided not to proceed with formation of Remuneration Committee at this stage.

**c. Half yearly results to shareholders**

We propose to forward from the year 08-09.

**d. Vote by Postal Ballot**

During the year no resolution was passed requiring vote by postal ballot.

**e. Whistle Blower Policy**

The company has decided not to proceed with formulation of a whistle blower policy.



**Auditors' certificate to the members of SNL Bearings Limited on compliance of the conditions of corporate governance for the year ended 31st March, 2008 under clause 49 of the listing agreements with relevant stock exchanges.**

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We have examined the compliance of the conditions of corporate governance by SNL Bearings Limited, for the year ended on 31st March, 2008, as stipulated in clause 49 of the listing agreements of the said company with relevant stock exchanges (hereinafter referred to as clause 49).

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, except that: (i) the delegated authority has attended to share transfer formalities once a month instead of at least once in a fortnight (see paragraph 3 of the report on corporate governance); and (ii) in the absence of any designated Chief Executive Officer (CEO) and Chief Financial Officer (CFO), the relevant certification on the various matters specified under paragraph V of clause 49 has been done by the General Manager and a Director of the company, we certify that the company has complied with the conditions of corporate governance as stipulated in clause 49.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company

For **A. F. FERGUSON & CO.**  
Chartered Accountants

Mumbai : April 24, 2008

**R. K. HIRANANDANI**  
Partner  
Membership No.36920

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of conduct for all Board Members and Senior Management. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct in respect of the financial year ended 31st March, 2008.

For **SNL Bearings Ltd.**

**A. K. GHOSH**  
**GENERAL MANAGER/CEO**



## SHAREHOLDERS' INFORMATION

### 1. Annual General Meeting

Date and Time	:	24th July, 2008 at 3.00 p.m.
Venue	:	Conference Hall, Dhannur 15 Sir P. M. Road, Fort Mumbai 400 001

### 2. Financial Calendar

Financial reporting for the quarter ending June 30, 2008	:	24th July, 2008
Financial reporting for the quarter ending September 30, 2008	:	Last week October, 2008
Financial reporting for the quarter ending December 31, 2008	:	Last week January, 2009
Financial reporting for the year ending March 31, 2009	:	End May, 2009
Annual General Meeting for the year ending March 31, 2009	:	July/August, 2009

3. **Book Closure Date** : 14th July, 2008 to 24th July, 2008  
(both days inclusive)

4. **Dividend Payment Date** : Not applicable

5. **Registered Office** : Dhannur, 15 Sir P.M.Road  
Fort, Mumbai 400 001  
(Tel) 22664160/4998  
(Fax) 22660412

**Plant : Ranchi** : Ratu, Ranchi 834 001  
(Tel) 0651-2521876  
(Fax) 0651-2521920

### 6. Unclaimed Dividends

No unclaimed dividends remaining unclaimed for 7 years from the date of declaration.

### 7. Nomination facility

Shareholders holding physical shares can nominate a person for the shares held by them. Requisite nomination forms have already been circulated by the company to the shareholders who are advised to avail of this facility.



8. Distribution of Shareholding as on 31<sup>st</sup> March :

No. of Equity Shares	2008				2007			
	No. of share holders	% of share holders	No. of shares held	% share holding	No. of share holders	% of share holders	No. of shares held	% share holding
Upto 500	3368	97.709	233329	6.460	3381	97.575	231121	6.399
501-1000	33	0.957	25292	0.700	40	1.154	30575	0.847
1001-2000	21	0.609	30175	0.836	24	0.693	35650	0.987
2001-3000	8	0.232	21200	0.587	6	0.173	14300	0.396
3001-4000	4	0.116	13650	0.378	2	0.058	7100	0.197
4001-5000	4	0.116	17550	0.486	2	0.058	8100	0.224
5001-10000	2	0.058	15200	0.421	2	0.058	13650	0.378
10001 & above	7	0.203	3255144	90.132	8	0.231	3271044	90.572
TOTAL	3447	100.000	3611540	100.00	3465	100.00	3611540	100.00

As on 31st March, 2008, 3243650 no. of shares constituting 89.81% of the share capital has been dematerialised.

**The company has entered into agreements with NSDL during the year 2002-03 and has been allotted ISN No.INE 568F 01017.**

9. Categories of shareholdings as on 31<sup>st</sup> March :

Category	2008				2007			
	No. of share holders	% share holders	No. of shares held	% share holding	No. of share holders	% of share holders	No. of shares held	% share holding
Individuals	3381	98.08	350613	9.71	3402	98.18	345988	9.58
Corporate Bodies	58	1.68	2542459	70.40	55	1.58	2546784	70.52
Foreign Collaborator	0	0	0	0	0	0	0	0
NRI/OCBs	4	0.12	900	0.02	4	0.12	1200	0.03
FI/FII/Banks	4	0.12	717568	19.87	4	0.12	717568	19.87
Mutual Funds/UTI	0	0	0	0	0	0	0	0
TOTAL	3447	100.00	3611540	100.00	3465	100.00	3611540	100.00



#### 10. Share Transfer System

The Investor Grievances/Share Transfer Committee comprising of three directors is authorized to approve transfer of shares and the said Committee approves transfer of shares on a monthly basis.

**Share transfers in physical form are presently registered and returned within a period of 60 days from the date of receipt in case documents are complete in all respects.**

#### 11. Investor queries/complaints handled

Nature of queries/complaints	2007-08 Nos.	2006-07 Nos.
<b>Relating to transfers, Transmissions</b> etc. (including duplicate share certificates, stop transfer, non-receipt of share certificates, deletion of name, non receipt of AGM Report, rectification of share certificate, indemnity bond for duplicate certificate, signature verification)	1	4
<b>Relating to dividends</b> (including revalidation of dividend warrants, non-receipt of dividend warrants and bank details)	NIL	NIL
<b>Relating to change of address</b>	6	9
Others	NIL	NIL
Total	7	13

- a. Legal proceedings on share transfer, if any : There are no major legal proceedings relating to transfer of shares.
- b. Number of shareholders' complaints received during the year : 7
- c. All the complaints have been resolved
- d. There are no pending share transfers at the year end

#### 12. Listing on Stock Exchange at

: Equity shares

Bombay Stock Exchange Ltd.  
P. J. Towers,  
Dalal Street, Mumbai 400 023

The Calcutta Stock Exchange  
Association Ltd.  
7 Lyons Range, Calcutta 700 001

**Note :** Listing fees for the year 2008-09 have been paid to The Bombay Stock Exchange Ltd. The company's application for voluntary delisting from the Calcutta Stock Exchange has been submitted on 2nd September, 2005 and is pending for action by them and hence the listing fee for the years 2006-07, 2007-08 & 2008-09 has not been paid.



### 13. Stock Codes

Bombay Stock Exchange  
ISIN No.

505827  
**INE 568F 01017**

### 14. Stock Market Data

The Bombay Stock Exchange Ltd., Mumbai

Monthly high and low quotations and volume of shares traded.

2007-08	Bombay Stock Exchange Ltd.		
Month	High	Low	Volume
April'07	24.50	21.35	5450
May'07	33.00	23.20	9450
June'07	31.45	27.15	10850
July'07	38.15	29.25	19300
August'07	28.45	23.75	15700
September'07	25.70	23.10	750
October'07	27.90	23.00	1850
November'07	28.15	24.10	7450
December'07	31.40	23.90	9100
January'08	35.50	29.35	7050
February'08	27.90	23.30	1150
March'08	22.95	21.85	500
Total			88600

### 15. Registrars and Transfer Agents

(Share transfer and communication regarding share certificates, dividends and change of address)

: M/s. Mondkar Computers P. Ltd.  
25, Shakil Niwas, Mahakali Caves Road,  
Andheri (East), Mumbai 400 093  
(Registered with SEBI as Share  
Transfer Agent-Category I)

### 16. Investor correspondence

: The Director  
**SNL Bearings Limited**  
**Dhannur, 15 Sir P.M.Road**  
**Fort, Mumbai 400 001**  
**Tel : 022-22664160/4998**  
**Fax:022-22660412**  
**E-mail : sc.rangani@nrbbearings.co.in**

*As per SEBI circular No.MRD/DoP/Dep/SE/Cir-22/06 dated December 18,2006 has advised all listed companies to designate an email ID of the grievance redressal division/compliance officer exclusively for the purpose of registering complaints by investors. The following is the email ID designated for the same. investorcare\_snl@nrbbearings.co.in*

### 17. Details on use of public funds obtained in the last three years :

*No funds have been raised from public in the last three years.*

### 18. Outstanding GDR/Warrants and convertible bonds, conversion date and likely impact on Equity :

*The company has no outstanding GDR/Warrants and/or convertible bonds.*



## CEO/CFO CERTIFICATION

We hereby certify that :

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statement together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards applicable laws and regulations.
- b. There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operations of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**For SNL Bearings Ltd.**

A K Ghosh	S C Rangani
<b>General Manager/CEO</b>	<b>Director/CFO</b>



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**AUDITORS' REPORT TO THE MEMBERS OF SNL BEARINGS LIMITED ON THE ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH, 2008**

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1. We have audited the attached balance sheet of SNL Bearings Limited, as at 31st March, 2008, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw attention to note 3 on schedule 19. Notwithstanding the accumulated losses, the financial statements have been prepared on a going concern basis having regard to the reasons stated in the said note.
4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. *There is an unfunded gratuity liability of Rs. 30.65 lacs, determined actuarially, has remained to be provided in these financial statements (see note 20 (III) on Schedule 19). This is not in accordance with the requirements of the Companies Act, 1956, particularly Accounting Standard (AS) 15 on "Employee Benefits". Had provision for the unfunded gratuity liability been made in these financial statements as aforesaid, profit for the year before tax would have been Rs. 247.44 lacs (as against the reported figure of Rs. 278.09 lacs), profit for the year after tax would have been Rs. 245.41 lacs (as against the reported figure of Rs. 276.06 lacs) and debit balance in profit and loss account would have been Rs. 956.76 lacs (as against the reported figure of Rs. 926.11 lacs)*
6. *Subject to the matter referred in paragraph 5 above, and further to our comments in the Annexure referred to in paragraph 3 above, we report that :*
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.



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**AUDITORS' REPORT TO THE MEMBERS OF SNL BEARINGS LIMITED ON THE ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH, 2008**

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- (v) On the basis of the written representations received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2008;
  - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
  - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For A. F. FERGUSON & CO.**  
Chartered Accountants

**R. K. HIRANANDANI**  
Partner  
Membership No.36920

Mumbai : April 24, 2008



**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF SNL BEARINGS LIMITED ON  
THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008  
(referred to in paragraph 4 of our report of even date)**

- 
- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets are being physically verified by the management once in two years. Such verification due as per this programme was carried out in the previous year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) Although a substantial portion of the fixed assets has been disposed of during the year, in our opinion and according to the information and explanations given to us, the ability of the company to continue as a going concern is not affected. However, attention is invited to note 3 on schedule 19.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loans, to companies, firms or other parties covered in register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the said Order) are not applicable to the company.
- (b) The company has taken loans from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum principal amount involved during the year was Rs. 1,050.00 lacs and the year-end balance of such loans was Rs. 650.00 lacs.
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the company listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.
- (d) As explained to us, the principal amounts of the loans are being renewed on due dates. The company is regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to sale of goods; there is no sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party are



**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF SNL BEARINGS LIMITED ON  
THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008  
(referred to in paragraph 4 of our report of even date) (Contd.)**

- of a special nature for which there are no alternative sources or any similar transactions with other parties. In the absence of prevailing market prices of such transactions being produced to us, we are unable to form an opinion on the reasonableness of prices paid / received.
- (vi) The company has not accepted any deposits from the public to which the provisions of sections 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under would apply.
- (vii) In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed, without carrying out a detailed examination, the books of account maintained by the company pursuant to the Order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We are informed that the cost statements as at the end of the financial year are under preparation.
- (ix) (a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, fringe benefit tax, sales tax, value added tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, there are no arrears of outstanding undisputed statutory dues as at 31st March, 2008, for a period of more than six months from the date it became payable.
- (c) According to the information and explanations given to us, there are no dues of income-tax, wealth-tax, service tax, sales tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to financial institutions and banks.
- (xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the said Order are not applicable to the company.
- (xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the said Order are not applicable to the company.





**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF SNL BEARINGS LIMITED ON  
THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008  
(referred to in paragraph 4 of our report of even date) (Contd.)**

- 
- (xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
  - (xvi) According to the information and explanations given to us, in our opinion, the term loan has been applied for the purpose for which it was raised.
  - (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, no funds raised on short term basis have been used for long term investment.
  - (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the question of reporting on whether the price at which such shares have been issued is prejudicial to the interest of the company does not arise.
  - (xix) The company has not issued any debentures. Accordingly, the question of creating a security or charge for debentures does not arise.
  - (xx) The company has not raised any money by public issues during the year. Accordingly, the question of disclosure of end use of such monies does not arise.
  - (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For A. F. FERGUSON & CO.**  
Chartered Accountants

**R. K. HIRANANDANI**  
Partner  
Membership No. 36920

Mumbai : April 24, 2008

**BALANCE SHEET AS AT 31ST MARCH, 2008**

	Schedule No.	Rs.lacs	As at 31.03.2008 Rs.lacs	Rs.lacs	As at 31.03.2007 Rs.lacs
<b>I. SOURCES OF FUNDS:</b>					
1) Shareholders' funds:					
a) Share capital	1	<b>1361.15</b>		1361.15	
b) Reserves and surplus	2	<b>15.03</b>		15.03	
			<b>1376.18</b>		1376.18
2) Loan funds:					
a) Secured loans	3	<b>67.93</b>		4.65	
b) Unsecured loans	4	<b>650.00</b>		1050.00	
			<b>717.93</b>		1054.65
Total			<b>2094.11</b>		<b>2430.83</b>
<b>II. APPLICATION OF FUNDS:</b>					
1) Fixed assets:	5				
a) Gross block		<b>1496.84</b>		1888.59	
b) Less: depreciation		<b>1111.24</b>		1263.70	
c) Net block			<b>385.60</b>		624.89
2) Current assets, loans and advances:					
a) Inventories	6	<b>426.78</b>		413.54	
b) Sundry debtors	7	<b>486.83</b>		267.05	
c) Cash and bank balances	8	<b>17.63</b>		35.56	
d) Loans and advances	9	<b>51.21</b>		65.26	
		<b>982.45</b>		781.41	
Less: Current liabilities and provisions:					
a) Current liabilities	10	<b>178.32</b>		160.30	
b) Provisions	11	<b>21.73</b>		17.34	
		<b>200.05</b>		177.64	
Net current assets			<b>782.40</b>		603.77
3) Profit and loss account			<b>926.11</b>		1202.17
Total			<b>2094.11</b>		<b>2430.83</b>
Significant accounting policies	18				
Notes to the accounts	19				

Per our report attached

For **A. F. FERGUSON & CO.**

Chartered Accountants

**R. K. HIRANANDANI**

Partner

Mumbai : April 24, 2008

For and on behalf of the Board of Directors

**H. S. Zaveri****J. S. Maini****M. N. Hoda****S. C. Rangani****V. S. Iyer**

Directors

Mumbai : April 24, 2008


**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Schedule No.	Year ended 31.03.2008		Year ended 31.03.2007	
		Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
<b>INCOME</b>					
Sales (Gross)		<b>1808.71</b>		1677.60	
Less: Excise duty		<b>252.87</b>	<b>1555.84</b>	239.74	1437.86
Other income	12		<b>44.69</b>		49.67
			<b>1600.53</b>		1487.53
Increase/(Decrease) in stock of work-in-progress and finished goods	13		<b>(9.17)</b>		16.27
			<b>1591.36</b>		1503.80
<b>EXPENDITURE</b>					
Raw materials, components and packing materials consumed			<b>408.05</b>		402.93
Stores and spares consumed			<b>101.11</b>		94.62
Processing Charges			<b>12.17</b>		11.70
Power and fuel			<b>124.06</b>		96.23
Employee costs	14		<b>351.43</b>		322.13
Repairs	15		<b>53.82</b>		68.41
Other expenses	16		<b>94.23</b>		101.86
Depreciation	5		<b>74.24</b>		87.64
Interest	17		<b>94.16</b>		102.66
			<b>1313.27</b>		1288.18
<b>PROFIT BEFORE TAX</b>					
			<b>278.09</b>		215.62
Provision for taxation - Fringe benefit tax			<b>2.03</b>		1.37
<b>PROFIT AFTER TAX</b>					
			<b>276.06</b>		214.25
Balance brought forward			<b>(1202.17)</b>		(1416.42)
<b>BALANCE CARRIED TO BALANCE SHEET</b>					
			<b>(926.11)</b>		(1202.17)
Significant accounting policies	18				
Notes to the accounts	19				
Basic, as well as diluted, earnings per Equity Share (Nominal value per Equity Share: Rs.10) [Refer note 17 on Schedule 19]			<b>Rs. 5.70</b>		Rs. 3.99

Per our report attached

For **A. F. FERGUSON & CO.**

Chartered Accountants

**R. K. HIRANANDANI**  
Partner

Mumbai : April 24, 2008

For and on behalf of the Board of Directors

**H. S. Zaveri**      **J. S. Maini**      **M. N. Hoda**

**S. C. Rangani**      **V. S. Iyer**  
Directors

Mumbai : April 24, 2008


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Year ended 31.03.2008 Rs.lacs	Year ended 31.03.2007 Rs.lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
PROFIT before TAX	<b>278.09</b>	215.62
Adjustments for :		
Depreciation	<b>74.24</b>	87.64
Interest expenditure	<b>94.16</b>	102.66
Profit on sale of fixed assets	<b>(0.72)</b>	-
Provision for doubtful debts	<b>11.97</b>	15.03
Provision for compensated absence	<b>1.88</b>	0.21
Provision for gratuity	<b>2.41</b>	
	<u><b>183.94</b></u>	<u>205.54</u>
 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	 <b>462.03</b>	 421.16
Changes in :		
- Trade and other receivables	<b>(217.70)</b>	72.01
- Inventories	<b>(13.24)</b>	6.16
- Trade payables/provisions	<b>17.91</b>	22.24
	<u><b>(213.03)</b></u>	<u>100.41</u>
 NET CASH GENERATED FROM OPERATIONS	 <b>249.00</b>	 521.57
Direct taxes paid (Fringe benefit tax)	<b>(1.93)</b>	(1.52)
 NET CASH FROM OPERATING ACTIVITIES	 <u><b>247.07</b></u>	 <u>520.05</u>
 <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	<b>(12.32)</b>	(26.14)
Sale of fixed assets	<b>178.09</b>	-
 NET CASH USED IN INVESTING ACTIVITIES	 <u><b>165.77</b></u>	 <u>(26.14)</u>


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Year ended 31.03.2008		Year ended 31.03.2007	
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds from borrowings		-		4.65
Repayment of borrowings		(401.48)		(234.50)
(Decrease)/Increase in cash credit		64.76		(120.97)
Interest paid		(94.05)		(111.98)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(430.77)</b>		<b>(462.80)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(17.93)</b>		<b>31.11</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE FINANCIAL YEAR</b> the components being:				
Cash on hand	0.01		0.25	
Balances with banks on current and deposit accounts	<u>35.55</u>	<u>35.56</u>	<u>4.20</u>	4.45
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE FINANCIAL YEAR</b> the components being:				
Cash on hand	0.01		0.01	
Balances with banks on current/ deposit accounts	<u>17.62</u>	<u>17.63</u>	<u>35.55</u>	<u>35.56</u>
<b>NET (DECREASE)/INCREASE AS DISCLOSED ABOVE</b>		<b>(17.93)</b>		<b>31.11</b>

Note : Figures in brackets are outflows/deductions

Per our report attached

For **A. F. FERGUSON & CO.**

Chartered Accountants

**R. K. HIRANANDANI**

Partner

Mumbai : April 24, 2008

For and on behalf of the Board of Directors

**H. S. Zaveri**

**J. S. Maini**

**M. N. Hoda**

**S. C. Rangani**

**V. S. Iyer**

Directors

Mumbai : April 24, 2008


**SCHEDULES 1 TO 11 ANNEXED TO AND FORMING PART OF  
THE BALANCE SHEET AS AT 31ST MARCH, 2008**

	As at 31.03.2008 Rs. lacs	As at 31.03.2007 Rs.lacs
<b>Schedule 1 - Share capital</b>		
Authorised :		
60,00,000 Equity shares of Rs.10 each	600.00	600.00
10,00,000 6% Cumulative Redeemable Preference Shares of Rs.100 each	1000.00	1000.00
	<u>1600.00</u>	<u>1600.00</u>
Issued:		
40,54,376 Equity shares of Rs.10 each	405.44	405.44
10,00,000 6% Cumulative Redeemable Preference Shares of Rs.100 each	1000.00	1000.00
	<u>1405.44</u>	<u>1405.44</u>
Subscribed:		
36,11,540 Equity shares of Rs.10 each fully paid-up	361.15	361.15
Of the above, 24,84,176 Equity shares of Rs.10 each are held by the holding company, NRB Bearings Limited		
10,00,000 6% Cumulative Redeemable Preference Shares of Rs.100 each fully paid-up held by the holding company, NRB Bearings Limited (Refer note 2(i) on Schedule 19)	1000.00	1000.00
Per balance sheet	<u>1361.15</u>	<u>1361.15</u>

Note: Terms of redemption of 6% Cumulative Redeemable Preference Shares of Rs.100 each:

- i. Rs.20 per share on 18.06.2010
- ii. Rs.20 per share on 18.06.2011
- iii. Rs.20 per share on 18.06.2012
- iv. Rs.20 per share on 18.06.2013
- v. Rs.20 per share on 18.06.2014

**Schedule 2 - Reserves and surplus**

Capital reserve:		
Per last balance sheet	<u>15.03</u>	<u>15.03</u>



## SCHEDULES 1 TO 11 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008 (contd.)

	As at 31.03.2008 Rs.lacs	As at 31.03.2007 Rs.lacs
<b>Schedule 3 - Secured loans</b>		
From bank:		
i) Cash credit	64.76	-
ii) Term Loan (repayable within one year Rs. 1.65 lacs as at 31.03.2007 : Rs. 1.48 lacs)	3.17	4.65
Per balance sheet	<u>67.93</u>	<u>4.65</u>
1. Cash credit from bank (i) is secured by hypothecation of inventories and book debts and guaranteed by the holding company, NRB Bearings Limited		
2. Term loan (ii) is secured by hypothecation of a vehicle		

### Schedule 4 - Unsecured loans

Other loans and advances:		
From the holding company, NRB Bearings Limited (repayable within one year Rs. 650 lacs; as at 31.03.2007: Rs. 1050 lacs)	650.00	1050.00
Per balance sheet	<u>650.00</u>	<u>1050.00</u>

### Schedule 5 - Fixed Assets

Description	GROSS BLOCK-AT COST				DEPRECIATION				NET BLOCK	
	Opening Balance As at 01.04.07	Additions during the year	Deductions during the year	Closing Balance As at 31.03.08	Opening Balance As at 01.04.07	For the year	On deductions during the year	Closing Balance As at 31.03.08	As at 31.03.08	As at 31.03.07
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
Building on leasehold land	184.48	-	-	184.48	55.32	4.88	-	60.20	124.28	129.16
Plant and machinery	1189.65	1.10	16.39	1174.36	950.96	34.84	13.34	972.46	201.90	238.69
Furniture, fixtures and equipment	39.00	6.36	-	45.36	22.21	4.18	-	26.39	18.97	16.79
Electrical installations	72.51	-	-	72.51	36.91	3.40	-	40.31	32.20	35.60
Vehicles	19.53	4.86	4.26	20.13	11.33	1.91	1.36	11.88	8.25	8.20
Leased Assets										
-Plant and machinery	383.42	-	383.42	-	186.97	25.03	212.00	-	-	196.45
<b>Total</b>	<b>1888.59</b>	<b>12.32</b>	<b>404.07</b>	<b>1496.84</b>	<b>1263.70</b>	<b>74.24</b>	<b>226.70</b>	<b>1111.24</b>	<b>385.60</b>	<b>624.89</b>
Previous year	1862.45	26.14	-	1888.59	1176.06	87.64	-	1263.70		
Per balance sheet									<b>385.60</b>	624.89


**SCHEDULES 1 TO 11 ANNEXED TO AND FORMING PART OF  
THE BALANCE SHEET AS AT 31ST MARCH, 2008 (contd.)**

	As at 31.03.2008 Rs.lacs	As at 31.03.2007 Rs.lacs
<b>Schedule 6 - Inventories</b>		
Stores and spare parts (at cost)	<b>78.37</b>	63.49
Stock-in-trade (at lower of cost and net realisable value, as certified by a director)		
Raw materials, bought out components and packing materials	<b>78.18</b>	70.65
Work-in-progress	<b>157.87</b>	127.29
Finished goods	<b>112.36</b>	152.11
	<u><b>348.41</b></u>	<u>350.05</u>
Per balance sheet	<u><b>426.78</b></u>	<u>413.54</u>
<b>Schedule 7 - Sundry debtors</b>		
(Unsecured)		
Over six months		
considered good	<b>2.59</b>	10.51
considered doubtful	<b>43.90</b>	35.55
	<u><b>46.49</b></u>	<u>46.06</u>
Others		
considered good	<b>484.24</b>	256.54
	<u><b>530.73</b></u>	<u>302.60</u>
Provision for doubtful debts	<b>43.90</b>	35.55
Per balance sheet	<u><b>486.83</b></u>	<u>267.05</u>
<b>Schedule 8 - Cash and bank balances</b>		
Cash on hand	<b>0.01</b>	0.01
With scheduled banks		
On current accounts	<b>14.51</b>	35.55
On fixed deposit account	<b>3.11</b>	-
Per balance sheet	<u><b>17.63</b></u>	<u>35.56</u>




**SCHEDULES 1 TO 11 ANNEXED TO AND FORMING PART OF  
THE BALANCE SHEET AS AT 31ST MARCH, 2008 (contd.)**

	Rs.lacs	As at 31.03.2008 Rs.lacs	Rs.lacs	As at 31.03.2007 Rs.lacs
<b>Schedule 9 - Loans and advances</b>				
(Unsecured, considered good unless stated otherwise)				
Advances recoverable in cash or in kind or for value to be received		32.78		41.90
Income-tax recoverable		10.00		10.00
Balance with central excise		8.43		13.36
Per balance sheet		<u>51.21</u>		<u>65.26</u>
<b>Schedule 10 - Current liabilities</b>				
Sundry creditors				
- due to micro enterprises and small enterprises (see note 5)				
- due to others	174.71		156.80	
		<u>174.71</u>		156.80
Security deposits		3.41		3.41
Interest accrued but not due on loans		0.20		0.09
Per balance sheet		<u>178.32</u>		<u>160.30</u>
<b>Schedule 11 - Provisions</b>				
Provision for compensated absences		19.12		17.24
Provision for gratuity		2.41		-
Fringe benefit tax (net of payments)		0.20		0.10
Per balance sheet		<u>21.73</u>		<u>17.34</u>

**SCHEDULES 12 TO 17 ANNEXED TO AND FORMING PART OF THE PROFIT AND  
LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Year ended 31.03.2008 Rs.lacs	Year ended 31.03.2007 Rs.lacs
<b>Schedule 12 - Other income</b>		
Sale of scrap	19.04	17.41
Lease rental	24.50	28.00
Profit on sale of fixed assets (net)	0.72	-
Miscellaneous	0.43	4.26
Per profit and loss account	<u>44.69</u>	<u>49.67</u>


**SCHEDULES 12 TO 17 ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)**

	Year ended 31.03.2008 Rs.lacs	Year ended 31.03.2007 Rs.lacs
<b>Schedule 13 - Increase/(Decrease) in stock of work-in-progress and finished goods</b>		
<b>Closing stocks :</b>		
Work-in-progress	157.87	127.29
Finished goods	112.36	152.11
	<u>270.23</u>	<u>279.40</u>
<b>Opening stocks :</b>		
Work-in-progress	127.29	108.83
Finished goods	152.11	154.30
	<u>279.40</u>	<u>263.13</u>
Per profit and loss account	<u>(9.17)</u>	<u>16.27</u>
<b>Schedule 14 - Employee costs</b>		
Salaries, wages and bonus	284.94	260.61
Gratuity	6.64	10.97
Company's contribution to provident fund and other funds *#	31.57	22.21
Staff welfare	28.28	28.34
	<u>351.43</u>	<u>322.13</u>
Per profit and loss account	<u>351.43</u>	<u>322.13</u>
<b>Schedule 15 - Repairs</b>		
Plant and machinery	44.13	55.08
Building	4.61	4.09
Others	5.08	9.24
	<u>53.82</u>	<u>68.41</u>
Per profit and loss account	<u>53.82</u>	<u>68.41</u>

\*includes Rs. Nil ( Previous year Rs. 1.00 lac)  
being contribution towards shortfall in funds with the Trusts

#includes Rs.6.10 lacs (Previous year Rs.Nil) towards  
contract workers PF


**SCHEDULES 12 TO 17 ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)**

	Year ended 31.03.2008 Rs.lacs	Year ended 31.03.2007 Rs.lacs
<b>Schedule 16 - Other expenses</b>		
Insurance	3.01	3.18
Rent	4.34	4.62
Rates and taxes	1.35	5.25
Directors' fees	1.30	0.56
Commission on sales	2.14	4.39
Travelling and conveyance	18.08	18.60
Postage, telephone and fax	4.97	5.49
Bank charges	1.33	1.67
Legal and professional charges	9.27	9.17
Forwarding charges	8.54	8.69
Service charges	5.99	5.44
Bad debts written off	3.62	23.03
Less: provision held	<u>3.62</u>	<u>23.03</u>
Provision for doubtful debts	11.97	15.03
Excise duty on Increase/(Decrease) in stock of finished goods	(5.50)	(2.95)
Miscellaneous	<u>27.44</u>	<u>22.72</u>
Per profit and loss account	<u>94.23</u>	<u>101.86</u>

**Schedule 17 - Interest**

On fixed loans	0.61	0.09
On others	<u>93.55</u>	<u>102.57</u>
Per profit and loss account	<u>94.16</u>	<u>102.66</u>

**Schedule 18 – Significant accounting policies annexed to and forming part of the balance sheet as at 31<sup>st</sup> March, 2008 and the profit and loss account for the year ended on that date**

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**1. Basis of accounting**

The financial statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956, and comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the said Act

**2. Fixed assets and depreciation**

(a) Fixed assets are stated at their original cost including incidental expenses related to acquisition and installation, less accumulated depreciation. Cost comprises of the purchase price and any other attributable cost of bringing the assets to its working condition for its intended use.

(b) Depreciation is provided on the straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

**3. Foreign currency transactions**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. In respect of monetary items denominated in foreign currencies, exchange differences arising out of settlement or on conversion at the closing rate are recognised in the profit and loss account, there being no liability incurred in foreign exchange for the purpose of acquiring fixed assets.

**4. Inventories**

(a) Stores and spare parts are valued at cost. Cost is determined on the basis of weighted average method.

(b) Stock-in-trade comprising of raw materials, bought out components & packing materials, manufactured components, work-in-progress and finished goods are valued at the lower of cost and net realisable value. Material costs included in the valuation of stock-in-trade are determined on the basis of weighted average method. Costs of conversion and other costs are determined on the basis of standard cost method adjusted for variances between standard costs and actual costs, unless such costs are specifically identifiable, in which case they are included in the valuation at actuals.

**5. Employee benefits**

(a) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

(b) Long term benefits:

(i) Defined Contribution Plan :

**Schedule 18 – Significant accounting policies annexed to and forming part of the balance sheet as at 31<sup>st</sup> March, 2008 and the profit and loss account for the year ended on that date**

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**Provident and Family Pension Fund**

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner or Provident Fund Trust as applicable and the Central Provident Fund under the State Pension Scheme. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contributions to Defined Contribution Plan are charged to profit and loss account as incurred.

**(ii) Defined Benefit Plan :****1. Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Actuarial gains and losses are recognised in the profit and loss account.

**2. Compensated absences**

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the profit and loss account.

**6. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs were eligible for capitalisation during the year.



**Schedule 19 – Note annexed to and forming part of the balance sheet as at 31st March, 2008  
and the profit and loss account for the year ended on that date**

1. Contingent liabilities not provided for :

- a) The Company had received an Order dated 6th September, 2004 from the Employees Provident Fund Organisation raising a demand of Rs. 161.36 lacs including interest of Rs. 46.73 lacs for default in making payment of Employees Provident Fund and allied dues for the period April, 1986 to February, 2003. The Company has been making contributions to the 'SNL Officers Provident Fund Trust' and 'SNL Employee's Provident Fund Trust', being Trusts formed by the Company in earlier years; these Trusts have net assets of Rs. 89.17 lacs and Rs. 49.66 lacs respectively as at 31st March, 2007 as reflected in their audited balance sheets. As per the order, the existence of the said Trusts and the act of switching over from Employees trust to the Officers trust on salary exceeding the statutory limit fixed by the Employees Provident Fund and Miscellaneous Act, 1952, have been considered violative of the Act. The authorities had attached one of the company's bank accounts and had recovered an amount of Rs. 2.75 lacs in an earlier year. The company has contested the above demand and on a writ petition filed by the company in the High Court of Jharkhand, Ranchi, the High Court has directed the authorities not to take coercive steps till the disposal of the petition. The Company denies all the allegations made against it since the company had made the necessary applications to grant exemption to the Trusts which was neither granted nor rejected in spite of several reminders from time to time. In view of the facts of the case, the company does not expect any liability in this regard.
- b) Provident fund matters in respect of contract labourers: Rs. Nil, (as at 31.03.2007 : Rs. 43.78 lacs)
- c) Provident fund and other matters in respect of workers: Rs. 5.05 lacs, (as at 31.03.2007 : Rs. 5.05 lacs)

2. (i) The paid up preference share capital of Rs.1000 lacs, held by the holding company, NRB Bearings Limited, includes Rs.330 lacs which was due for redemption on 18th June, 2006. The company has re-negotiated the coupon rate from 9% to 2% with effect from 18th June, 2002 to 31st March, 2005 and at 6% from 1st April, 2005 onwards and the repayment terms extended to 12 years repayable @ Rs.20 per year (face value Rs.100 each) at the end of 8th, 9th, 10th, 11th and 12th year or such earlier years as the company may deem fit.
- (ii) Arrears of cumulative dividends on the now 6% Cumulative Redeemable Preference Shares, considering the revised coupon rates, as stated above, is Rs. 235.67 lacs (as at 31.03.2007 : Rs. 175.67 lacs)

3. The management believes that the company is a going concern and will continue to be so in the foreseeable future in view of the further reduction in accumulated losses in the current year at Rs. 926.11 lacs (as at 31.03.2007: Rs. 1202.17 lacs), the continuing support of the holding company and the restructuring process initiated by the management.

	<b>Year ended 31.03.2008 Rs.lacs</b>	Year ended 31.03.2007 Rs.lacs
4. Exchange differences (net): (Debited) / Credited to the profit and loss account	<b>(1.48)</b>	1.24
5. There are no amounts due to the suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006; this information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.		



**Schedule 19 – Note annexed to and forming part of the balance sheet as at 31st March, 2008 and the profit and loss account for the year ended on that date (cont.)**

6. Details of Auditors' remuneration:  
(excludes service tax)

	Year ended 31.03.2008 Rs.lacs	Year ended 31.03.2007 Rs.lacs
Audit fees	1.55	1.55
Report under section 44AB of the Income-tax Act, 1961	0.60	0.60
Other services	1.50	1.50
Out of pocket expenses	0.11	-

7. Raw materials, components and packing materials consumed:

	Unit	Year ended 31.03.2008		Year ended 31.03.2007	
		Quantity	Value Rs.lacs	Quantity	Value Rs.lacs
<b>Raw materials:</b>					
Steel Wires	Tonnes	78	60.96	88	68.02
Steel Strips	"	144	126.41	113	100.94
Steel Tubes	Mtrs in 000's	59	108.48	48	93.66
Sub-total			<u>295.85</u>		<u>262.62</u>
<b>Components:</b>					
For bushes and cages	Nos. in 000's	6667	30.88	7720	38.09
For Special Purpose Machines		*	61.22	*	82.57
Sub-total			<u>92.10</u>		<u>120.66</u>
<b>Packing materials:</b>		*	20.10	*	19.65
* diverse quantitative units					
Grand total:			<u>408.05</u>		<u>402.93</u>
Of which					
		%	Value Rs.lacs	%	Value Rs.lacs
Imported		24	98.90	18	73.79
Indigenous		76	309.15	82	329.14
Total		<u>100</u>	<u>408.05</u>	<u>100</u>	<u>402.93</u>

Consumption includes adjustment of excess/shortage ascertained on physical count.



**Schedule 19 – Note annexed to and forming part of the balance sheet as at 31st March, 2008 and the profit and loss account for the year ended on that date (cont.)**

**8. Stores and spares consumed:**

	Year ended 31.03.2008		Year ended 31.03.2007	
	%	Value Rs.lacs	%	Value Rs.lacs
Imported	-	-	-	-
Indigenous	100	101.11	100	94.62
	<u>100</u>	<u>101.11</u>	<u>100</u>	<u>94.62</u>

Consumption includes adjustment of excess/shortage ascertained on physical count.

**9. Capacity and production:**

	Unit	Installed capacity (per annum)		Production	
		As at 31.03.2008	As at 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2007
Needle Roller Bushes and Cages	Nos in 000's	12000	12000	11374	10553
Needle Rollers	"	250000	200000	211946	210379
Special Purpose Machines	Nos	Note (iv)	Note (iv)	7	10

- Notes:**
- Licensed capacity has not been shown as the industry has been delicensed.
  - Installed capacity is as certified by a Director and has been accepted by the auditors without verification, this being a technical matter.
  - Production includes following quantities produced for captive consumption:  
Needle Rollers – Nos.164879 in thousands (year ended 31.03.2007: Nos. 154878 in thousands)
  - There is no separate installed capacity for Special Purpose Machines.

**10. Sales (net of excise duty):**

	Unit	Year ended 31.03.2008		Year ended 31.03.2007	
		Quantity	Value Rs. lacs	Quantity	Value Rs. lacs
Needle Roller Bushes and Cages	Nos in 000's	11786	1406.84	10856	1242.07
Needle rollers	"	47823	65.97	58789	84.36
Special Purpose Machines	Nos	7	83.03	10	111.43
<b>Total</b>			<u>1555.84</u>		<u>1437.86</u>





**Schedule 19 – Note annexed to and forming part of the balance sheet as at 31st March, 2008 and the profit and loss account for the year ended on that date (cont.)**

**11. Closing stock of finished goods:**

	<b>Unit</b>	<b>As at 31.03.2008 Quantity</b>	<b>Value Rs. lacs</b>	<b>As at 31.03.2007 Quantity</b>	<b>Value Rs. lacs</b>
Needle Roller Bushes and Cages	Nos.in 000's	<b>1555</b>	<b>102.40</b>	1967	140.72
Needle Rollers	“	<b>14370</b>	<b>9.96</b>	15126	11.39
Total			<u><b>112.36</b></u>		<u><b>152.11</b></u>

**Notes:** (1) Stocks are after adjustments for excess/shortage on physical count and write-off of obsolete and slow moving items.

(2) The charge to the profit and loss account consequent to the write-down of inventories to its net realisable value is Rs. 12.64 lacs (Previous year 31.03.2007: Rs.34.90 lacs).

(3) The Company sometimes sells manufactured components of Needle Roller Bushes and Cages. The quantities of such components have not been included in the relevant groups. However, value shown under the relevant group is inclusive of the value of such components.

	<b>Year ended 31.03.2008 Rs. lacs</b>	<b>Year ended 31.03.2007 Rs. lacs</b>
12. C.I.F. value of imports:		
Raw materials and components	<b>126.62</b>	74.04
13. Earnings in foreign currency:		
FOB Value of Exports	<b>19.75</b>	22.36



**Schedule 19 – Note annexed to and forming part of the balance sheet as at 31st March, 2008 and the profit and loss account for the year ended on that date (cont.)**

**14. Segment Information**

Primary Segments- Business Segments		Bearings	Special Purpose Machines	Total Amount
		Rs.lacs	Rs.lacs	Rs.lacs
<b>A Segment Revenue</b>				
Net Sales to Customers		1472.81 (1326.43)	83.03 (111.43)	1555.84 (1437.86)
Inter Segment Revenue		-	-	-
<b>Total Segment Revenue</b>		1472.81 (1326.43)	83.03 (111.43)	1555.84 (1437.86)
<b>B Segment Results</b>		381.20 (316.40)	23.89 (27.72)	405.09 (344.12)
Less: Unallocated corporate expenses				57.34 (58.10)
Less: Interest expense				94.16 (102.66)
Unallocated income				24.50 (32.26)
<b>Profit before tax</b>				278.09 (215.62)
Less : Provision for taxation-Fringe benefit tax				2.03 (1.37)
<b>Profit after tax</b>				276.06 (214.25)
<b>C Segment Assets</b>		1269.04 (1184.85)	94.33 (25.00)	1363.37 (1209.85)
Unallocated corporate assets				4.68 (196.45)
<b>Total Assets</b>				1368.05 (1406.30)
<b>D Less : Segment Liabilities</b>		195.36 (168.30)	4.69 (9.34)	200.05 (177.64)
Less : Unallocated corporate liabilities				717.93 (1054.65)
<b>Total Liabilities</b>				917.98 (1232.29)
<b>E Cost incurred during the period to acquire segment fixed assets</b>		12.32 (26.14)	- (-)	12.32 (26.14)
<b>F Depreciation / Amortisation</b>		49.21 (59.19)	- (-)	49.21 (59.19)
<b>G Non-cash expenses other than depreciation/amortisation</b>		- (-)	- (-)	- (-)

There are no secondary segments identified by the company since the sales are substantially in the domestic market.

Note: Figures in brackets are in respect of previous year.



**Schedule 19 – Note annexed to and forming part of the balance sheet as at 31st March, 2008 and the profit and loss account for the year ended on that date (cont.)**

15. Related party disclosures

- (i) Names of related parties and nature of relationship where control exists:  
NRB Bearings Limited, holding company.

Key management personnel:

- Ms. H S Zaveri
- Mr. S C Rangani
- Mr. J S Maini
- Mr. M N Hoda
- Mr. V S Iyer

- (ii) Transactions with related parties

Name of the related party and description of relationship	Nature of transaction	Volume of transactions		Receivable/ (Payable)	
		Year ended <b>31.03.2008</b> Rs.lacs	Year ended 31.03.2007 Rs.lacs	As at <b>31.03.2008</b> Rs.lacs	As at 31.03.2007 Rs.lacs
(a) NRB Bearings Limited, (NRB)-holding company	ICD repaid	<b>400.00</b>	200.00	<b>(650.00)</b>	(1050.00)
	Interest paid on ICD	<b>92.10</b>	95.06	-	-
	Sale of raw materials etc. & finished goods	<b>957.66</b>	774.40	<b>247.43</b>	47.63
	Purchase of fixed assets	-	12.92		
	Sale of fixed assets	<b>175.10</b>	-		
	Purchase of raw materials	<b>13.45</b>	36.35		
	Lease rent received	<b>24.50</b>	28.00		
				Outstanding guarantees	
	Guarantees given	<b>210.00</b>	210.00	<b>210.00</b>	210.00



**Schedule 19 – Note annexed to and forming part of the balance sheet as at 31st March, 2008 and the profit and loss account for the year ended on that date (cont.)**

(b) Key management personnel	Director's fees			
- Ms. H. S. Zaveri	<b>0.37</b>	0.19	-	-
- Mr. S. C. Rangani	<b>0.10</b>	0.04	-	-
- Mr. J. S. Maini	<b>0.20</b>	0.04	-	-
- Mr. M. N. Hoda	<b>0.18</b>	0.08	-	-
- Mr. V. S. Iyer	<b>0.45</b>	0.21	-	-
16. The company has given on operating lease for a period of one year, certain plant and machinery to its holding company, NRB Bearings Limited. During the year, the company has sold such plant and machinery to its holding company. The particulars in respect of such lease are as follows:				
(a) (i) The gross carrying amount and the accumulated depreciation at the balance sheet date are Rs. Nil (as at 31.03.2007: Rs. 383.42 lacs) and Rs. Nil (as at 31.03.2007 : Rs. 186.97 lacs) respectively.				
(ii) Depreciation recognised in the profit and loss account is Rs. 25.03 lacs (year ended 31.03.2007: Rs. 28.45 lacs).				
(b) The minimum aggregate lease payment to be received in future is as follows:				
(i) For a period not later than one year Rs. Nil (year ended 31.03.2007: Rs. 28.00 lacs)				
(ii) For a period later than one year and not later than five years Rs. Nil. (year ended 31.03.2007: Rs. Nil)				
(iii) For a period later than five years Rs. Nil (year ended 31.03.2007: Rs. Nil).				
17. Values used in calculating Earnings Per Share:				
		<b>Year ended</b>	Yearended	
		<b>31.03.2008</b>	31.03.2007	
		<b>(Rs.in lacs)</b>	(Rs.in lacs)	
(a) Numerator:	(i) Profit after tax	<b>276.06</b>	214.25	
	(ii) Undeclared dividend on cumulative preference shares for the year	<b>60.00</b>	60.00	
	(iii) Additional income-tax on distributable profits	<b>10.20</b>	10.20	
	(iv) Profit / (Loss) after tax attributable to equity shareholders	<b>205.86</b>	144.05	
(b) Denominator:	Number of Equity Shares	<b>3,611,540</b>	3,611,540	
There is no change in the number of equity shares during the period 1st April, 2006 to 31st March, 2008				



**Schedule 19 – Notes annexed to and for ing part of the balance sheet as at 31st March, 2008 and the profit and loss account for the year ended on that date (contd.)**

18. Deferred taxes:

Nature of timing difference	Deferred tax asset/ (liability) as at 31st March, 2007 (Rs in lacs)	(Charge)/credit for the current year (Rs in lacs)	Deferred tax asset/(liability) as at 31st March, 2008 (Rs. in lacs)
(i)	(ii)	(iii)	(iv)
<b>(a) Deferred tax liabilities</b>			
Depreciation	(142.81)	38.97	(103.84)
Sub-total	(142.81)	38.97	(103.84)
<b>(a) Deferred tax assets</b>			
Provision for doubtful Debts	11.97	2.95	14.92
Carry forward business loss (*)	130.84	(41.92)	88.92
Sub-total	142.81	(38.95)	103.84
Net Amount	-	-	-

\* Recognised to the extent of balance in deferred tax liability.

19. Derivative Instruments:

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(a) Amount receivable in foreign currency – Euro 4,900 (as at 31.03.2007 : Euro 251)

(b) Amount payable in foreign currency – Euro 52,771 (as at 31.03.2007 : Euro 31,211 )

20. Effective April 1, 2007, the company adopted the revised Accounting Standard 15 “ Employee Benefits.” Pursuant to the adoption, no adjustment was required to be made to general reserve as there is no impact of revised AS -15.

**(a) Defined Contribution Plan**

**Rs. In Lacs**

Contribution to Defined Contribution Plan, recognised in the statement of profit and loss account under employee cost, in schedule 14 for the year are as under:

Employer ‘s Contribution to Provident Fund	12.83
Employer’s Contribution to Family Pension Fund	11.35



**Schedule 19 – Notes annexed to and forming part of the balance sheet as at 31st March, 2008 and the profit and loss account for the year ended on that date (contd.)**

**20 (Contd.)**

(b) Defined Benefit Plan

Gratuity and long term compensated absences - As per actuarial valuation as on March 31, 2008

	Rs. In Lacs	
	Gratuity (Funded)	Compensated absences (Unfunded)
I Reconciliation of opening and closing balances of Defined Benefit obligation		
Present value of Defined Benefit obligation as at March 31, 2007	66.80	15.39
Interest Cost	5.33	1.23
Current Service Cost	2.94	3.49
Benefits paid	(4.62)	(1.19)
Net Actuarial (Gain)/Loss	(1.26)	(1.85)
Present Value of Defined Benefit obligation as at March 31, 2008	71.71	17.07
II Reconciliation of fair value of plan assets		
Fair value of plan assets as at March 31, 2007	36.15	-
Expected return on plan assets	2.89	-
Employer's contribution	4.23	-
Benefits paid	(4.62)	-
Fair value of plan assets as at March 31, 2008	38.65	-

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Funds maintained with Life Insurance Corporation of India. 100% N.A.

	Rs. In Lacs	
	Gratuity (Funded)	Compensated absences (Unfunded)
III Net asset / (liability) recognised in Balance Sheet as at March 31, 2008.		
Present Value of Defined Benefit obligation	71.71	17.07
Fair value of plan assets	38.65	-
Net asset / (liability) recognised in Balance Sheet	(2.41)	(17.07)
Unfunded asset / liability) remained to be recognised in Balance Sheet	(30.65)	-



**Schedule 19 – Notes annexed to and forming part of the balance sheet as at 31st March, 2008 and the profit and loss account for the year ended on that date (contd.)**

IV	Component of employer's expenses		
	Current Service Cost	2.94	3.49
	Interest Cost	5.33	1.23
	Actual return on plan asset	2.89	-
	Net Actuarial (Gain)/Loss	(1.26)	(1.85)
	Total expenses recognised in the profit and loss account in schedule 14, under:	6.64	2.87
		<b>Gratuity</b>	<b>Salary, wages and bonus</b>
	Actual return on plan assets	-	N.A.
V	Actuarial assumptions		
	Mortality Table	<b>LIC (1994-96) (Ultimate)</b>	<b>LIC (1994-96) (Ultimate)</b>
	Discount rate	8.5%	8.5%
	Salary escalation	3%	3%
VI	The above information is certified by the actuary. This being the first year of implementation, previous year figures have not been given.		

21. The figures for the previous financial year have been regrouped/restated wherever necessary.

Signatures to Schedule 1 to 19

**For and on behalf of the Board of Directors**

**H. S. Zaveri      J. S. Maini      M. N. Hoda**

**S. C. Rangani      V. S. Iyer**  
Directors

Mumbai : April 24, 2008



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.  State Code

Balance Sheet Date     
Day Month Year

### II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	Right Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	Private/Preferential Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Sources of Fund	Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/>
	Paid-Up Capital	Reserves & Surplus
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="3"/>
	Secured Loans	Unsecured Loans
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Application of Funds	Net Fixed Assets	Investments
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>
	Net Current Assets	Miscellaneous Expenses
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>
	Accumulated Losses	
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="1"/>	

### IV. Performance of Company (Amount in Rs. Thousands)

	Turn Over	Total Expenditure
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="7"/>
	Profit/Loss before Tax	Profit/Loss after Tax
<input checked="" type="checkbox"/> <input type="checkbox"/> + -	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="9"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> + -
(+ for Profit, - for Loss)	Earning Per Share in Rs.	Dividend Rate %
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>

### V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)

Item Code No. (I T C Code)	<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description	<input type="text" value="N"/> <input type="text" value="E"/> <input type="text" value="E"/> <input type="text" value="D"/> <input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="O"/> <input type="text" value="L"/> <input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="B"/> <input type="text" value="E"/> <input type="text" value="A"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="G"/> <input type="text" value="S"/>
Item Code No. (I T C Code)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>
Product Description	<input type="text" value="S"/> <input type="text" value="P"/> <input type="text" value="E"/> <input type="text" value="C"/> <input type="text" value="I"/> <input type="text" value="A"/> <input type="text" value="L"/> <input type="text" value="P"/> <input type="text" value="U"/> <input type="text" value="R"/> <input type="text" value="P"/> <input type="text" value="O"/> <input type="text" value="S"/> <input type="text" value="E"/> <input type="text" value="M"/> <input type="text" value="A"/> <input type="text" value="C"/> <input type="text" value="H"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="E"/> <input type="text" value="S"/>

For and on behalf of the Board of Directors

H. S. Zaveri      J. S. Maini      M. N. Hoda

Mumbai : April 24, 2008

S. C. Rangani      V. S. Iyer  
Directors



# SNL BEARINGS LIMITED

Registered Office: Dhannur, 15, Sir P. M. Road, Fort, Mumbai - 400 001.

## ADMISSION SLIP

I hereby record my presence at the 28<sup>th</sup> Annual General Meeting of members of the Company held at Conference Room, 6th Floor, Dhannur, Sir P. Mehta Road, Fort, Mumbai 400 001 on 24<sup>th</sup> July, 2008 at 3.00 p.m.

DP Id*	
Client Id*	

Folio No.	
No. of shares	

Name of Member/Proxy .....  
(who will attend the meeting)

Signature of Member/Proxy .....  
(who will attend the meeting)

1. Please complete and hand over the slip at the entrance.
2. Please quote FOLIO NUMBER clearly.

\* Applicable for investors holding shares in electronic form

----- . TEAR HERE . -----

# SNL BEARINGS LIMITED

Registered Office: Dhannur, 15, Sir P. M. Road, Fort, Mumbai - 400 001.

## PROXY FORM

I/We .....  
of .....  
in the district of..... being member(s) of SNL BEARINGS LIMITED, hereby appoint  
Shri/Smt./Miss .....  
of .....  
in the district of.....  
or failing him/her Shri/Smt./Miss.....  
of .....  
in the district of.....

as my/our proxy to attend and vote for me/us on my/our behalf at the 28<sup>th</sup> Annual General Meeting of the Company to be held at Conference Room, 6th Floor, Dhannur, Sir P. Mehta Road, Fort, Mumbai 400 001 on 24<sup>th</sup> July, 2008 at 3.00 p.m.

Name..... Signed on ..... at .....

DP Id*	
Client Id*	

Folio No.	
No. of shares	

Address .....  
.....

Signature .....

Affix  
revenue  
stamp

\* Applicable for investors holding shares in electronic form

- Notes:**
1. The proxy need NOT be a member.
  2. THE PROXY FORM, DULY SIGNED ACROSS A REVENUE STAMP SHOULD REACH THE COMPANY'S CORPORATE OFFICE AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
  3. The proxy form should be filled in completely including 'Folio No.' and 'Address'.

# BOOK POST

If undelivered, please return to:  
**SNL Bearings Ltd.**  
Dhannur, 15, Sir P. M. Road,  
Fort, Mumbai - 400 001.