



AGM NOTICE

To,
The Members
SNL BEARINGS LIMITED

NOTICE is given that the Twenty Ninth 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 23rd July, 2009 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, 2009 and Balance Sheet as at that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Ms H S Zaveri who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Mr. J S Maini 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 22, 2009

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 13th July, 2008 to 23rd 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 Ms. H S Zaveri, Director, proposed to be reappointed vide Ordinary business no.2 in the notice is as follows:
Ms. H. S. Zaveri (49 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 22 years experience in the bearings industry in various commercial and senior management positions in the holding company.
6. A brief resume of Mr. J S Maini Director, proposed to be reappointed vide Ordinary business no.3 in the notice is as follows:
Mr. J S Maini (67 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.

By Order of the Board

S C Rangani
Director

April 22, 2009



DIRECTORS' REPORT

To,
The Members
SNL Bearings Limited

Your Directors have pleasure in presenting their Twenty Ninth Annual Report together with Audited Accounts for the year ended 31st March, 2009.

1. Financial Results

	Year ended 31 st March, 2009 Rs. in lacs	Year ended 31 st March, 2008 Rs. in lacs
Profit/(Loss) before providing for interest & depreciation & Prior period Adjustments	269.94	446.48
Less : Interest	71.65	94.16
Less : Depreciation	44.47	74.23
Profit/(Loss) Before Tax	153.82	278.09
Provision for tax	53.54	2.03
Profit/(Loss) After Tax	100.28	276.06
Add : Balance brought forward from previous year	(926.11)	(1202.17)
Balance carried to Balance Sheet	(825.83)	(926.11)

2. Operations

Net sales during the year at Rs. 1240 lacs (previous year Rs. 1556 lacs) are 20.3% lower than the previous year. Following the global financial crisis, the second half of the financial year witnessed a sharp decline in demand in both the 2/3 wheelers and commercial vehicle segments of the automotive industry. The company was forced to curtail production levels by shutting down production lines, reducing working days and correspondingly the workforce to enable the company sustain itself during the difficult period. Low demand situation is expected to continue during the current financial year.

The company has made a lower profit before tax of Rs. 153.82 lacs (previous year 278.09 lacs) as a result of the decline in volumes and the unprecedented rise in costs of steel and oil based inputs. The only benefit from the global slowdown is that these input prices are expected to decline to more reasonable levels and should afford some relief on the costs front. This coupled with continuing focus on improvement in efficiencies, should enable reasonable financial results during the current financial year.

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

3. Public Deposits

The company has not taken fixed deposit during the year. As on 31.3.2009 there are no fixed deposits with the company.

**4. Directors**

Ms. H S Zaveri and Mr. J S Maini retire by rotation but being eligible offer themselves for re-appointment.

5. Finance

Inventory and receivable levels have been controlled considering the difficult economic environment the company has operated in. In the context of rising interest rates and low liquidity in the financial markets, working capital requirements have been met out of financial support, continuing to be available from the holding company at favourable rates of interest and from the company's bankers.

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.

The other specific measure is the use of 1 HP pump and 3 HP submersible pump instead of 2 nos. 5 HP mono block pumps used for water supply from outside plant premises to inside reservoir.

The annual savings as a result of these measures is Rs. 46600/-.

- 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.

The company's engineering staff have successfully replaced the mechanical drive in its various furnaces with electrical drives which has helped in minimizing break downs and increased productivity of the furnaces. Similarly assembly operations have been successfully automated resulting in improved manpower productivity.

- c. Foreign exchange earnings & outgo

Details regarding expenditure and earnings in foreign exchange have been given in Note Nos. 11 & 12 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, 2009 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. Auditors

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

The product "Bearings" is subject to cost audit under the Central Government rules. M/s. Aspi Bhesania & Co., have been the Cost Auditors in the past including for the year ended 31st March, 2009. As the proprietor Mr. Aspi Bhesania has for personal reasons decided not to continue as cost auditor, the company has appointed M/s. Ashwin Solanki & Associates, Cost Accountants to audit the cost accounts of the company for the year ending 31st March, 2010.

11. 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 22, 2009



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. 2500 crores registering a growth of 3%. Your company has suffered a decline in sales and accordingly the market share of your company in the overall industry has marginally declined from the previous years level of 0.6%. In the needle bearing segment its market share is estimated at about 8%.

Economic Environment

After continuous growth for the last few years, the Indian economy was also affected by the global slowdown and is expected to record one of its lowest growth rates in recent times – approximately 5.5% in FY 2009. The year witnessed extreme volatility – first rising steel prices and other input prices followed by high inflation which lead to monetary policies aimed at containing inflation by reducing liquidity. As a result interest rate hardened and the Indian currency weakened vis-à-vis the USD resulting in further cost pressures for imported inputs.

The fortunes of the bearing industry in India are closely linked to the performance on the automotive industry, which has reported a worst ever performance in recent years – sales of commercial vehicles were hit badly while 2/3 wheeler sales were flat. Demand slow down is expected to continue in the current year.

Opportunities and Threats

The economic scene during the current year has begun on a positive note. The government has announced various fiscal stimulus measures, including an across the board cut in cenvat rates, increased investments in infrastructure projects and has targeted support for key sectors like the automotive industry. The government and RBI measures, together with a sharp decline in global commodity prices, has restored some confidence and there has been an immediate positive impact on demand in key automotive segments like commercial vehicles, two/three wheelers and tractors.

In view of the above the company expects build up of demand during the coming months.

The domestic bearing industry is facing the following threats :

- a. The global crisis has impacted demand in all segments of the automotive industry and also in all industry sectors. OEMs have idle capacities and huge inventories. This could impact demand during the current year.
- b. The menace of spurious bearings continues to adversely affect the industry inspite of concerted efforts by the industry to control the same.

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. 153.82 lacs as compared to Rs. 278.09 lacs in the previous accounting year. The net sales at Rs. 1240 lacs are 20% lower as compared to net sales of the previous year. The steep drop in demand of commercial vehicles and the flat sales in other segments of the automotive sector, in line with the global slow down affected the company sales.



The company's financial results were also affected by the sharp increase in the cost of inputs, high interest rates and the high inflation rates which drove up all costs. Capacity utilization suffered as a result of all these factors.

The company will strive to enhance volumes to improve capacity utilization, reduce costs, improve efficiencies and broaden its product profile so that the financial results can be improved during the current financial year.

Risks and risk mitigation

The company's internal control processes cover, amongst others processes for identification, assessment and mitigation of various kinds of risks which include operational and financial risks. Such risks are reviewed and discussed at various meetings where members of senior management are involved. Company's internal auditors review the internal controls, risk assessment and mitigation procedures, independently as part of their internal audit process and their observations and findings are presented, reviewed and discussed in the audit committee meeting.

The General Manager of the operating unit continuously communicates with employees, customers and other stakeholders both in a formal and an informal way to keep himself abreast with the developments in the market, products, competition and other areas.

The following risk have been identified as important during the current financial year:

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 for 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 which ensures reliable financial reporting, safeguarding of assets, adherence to management policies and promotion of ethical conduct. These systems are regularly reviewed, modified and improved upon to conform to changes in the business environment and processes.

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

	2008-09			2007-08		
	Bearings	Special Purpose Machines	Total Amount	Bearings	Special Purpose Machines	Total Amount
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
A Segment Revenue						
Net Sales to Customers	1148.06	91.93	1239.99	1472.81	83.03	1555.84
Inter Segment Revenue	-	-	-	-	-	-
Total Segment Revenue	1148.06	91.93	1239.99	1472.81	83.03	1555.84
B Segment Results	237.92	17.74	255.66	381.20	23.89	405.09
Less: Unallocated corporate expenses			35.25			57.34
Less: Interest expense			71.65			94.16
Unallocated income			5.06			24.50
Profit before tax			153.82			278.09
Less: Provision for taxation- Fringe benefit tax			53.54			2.03
Profit after tax			100.28			276.06
C Segment Assets	1143.82	124.96	1273.46	1269.04	94.33	1363.37
Unallocated corporate assets			-			4.68
Total Assets			1273.46			1368.05
D Less: Segment Liabilities	245.57	54.07	299.64	195.36	4.69	200.05
Less: Unallocated corporate liabilities			423.46			717.93
Total Liabilities			723.10			917.98
E Cost incurred during the period to acquire segment fixed assets	24.07	-	24.07	12.32	-	12.32
F Depreciation / Amortisation	44.47	-	44.47	49.21	-	49.21
G Non-cash expenses other than depreciation/amortisation	-	-	-	-	-	-

Industrial Relation and Human Resource management

The company's industrial relations with all employees at its Ranchi plant have been generally cordial. As a result of the curtailment of demand effective November 2008, the company was forced to resort to reducing the number of working shifts resulting in a lower requirement of employees. A temporary layoff situation arose and the company applied to the concerned authorities for a reduction of the work force.

As the demand position remained uncertain during the current year the company may be constrained to discuss with workmen for long term plans to reduce the work force.

Permanent employees directly employed by the company currently total 189 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 (49 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 22 years experience in the bearings industry in various commercial and senior management positions in the holding company.

Mr. S C Rangani (60 yrs) is a graduate in commerce with post graduate qualifications in Management Studies and professional qualifications as a Company Secretary. He has over 38 yrs. experience in management positions in various industries of which the last 16 years are as head of Finance and Company Secretary in the holding company.

Mr. M N Hoda (71 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 (67 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 (85 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 14 meetings including 4 meetings of the Board during 2008-09.

The maximum interval between any two meetings was 90 days. The Board held its meetings on 24th April, 2008, 24th July 2008, 23rd October 2008, 27th January, 2009.



c. Attendance of Directors:

The overall attendance of Directors was 95%.

**Attendance of Directors
At the Board Meetings held during 2008-09 and the last Annual General Meeting**

Sr. No.	Name of Directors	Meetings held during the tenure of the Directors	Meetings Attended	Attendance at the last AGM (24 th July, 2008)
1	Ms. H S Zaveri	4	4	Yes
2	Mr. S C Rangani	4	4	Yes
3	Mr. M N Hoda	4	4	Yes
4	Mr. J S Maini	4	3	Yes
5	Mr. V S Iyer	4	4	Yes

Overall attendance in the Board Meetings: 95%

AGM : 100%

d. 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	NIL

*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:

Ms. H S Zaveri and Mr. J S Maini 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 Directors	Sitting fees (Rs.)	Total (Rs.)
H S Zaveri	32500	32500
S C Rangani	10000	10000
M N Hoda	15000	15000
J S Maini	15000	15000
V S Iyer	35000	35000
Gross total	107500	107500

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 2008-09**

Members	Meetings held	Meetings attended
Mr. J S Maini (Chairman)	4	3
Ms. H S Zaveri	4	4
Mr. V S Iyer	4	4

* Overall attendance: 91.67%

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 2008-09**

Members	Meetings held during the tenure of the Director	Meetings attended
Mr. V S Iyer (Chairman)	6	6
Ms. H S Zaveri	6	5
Mr. M N Hoda	6	2

* Overall attendance : 72.22%

4. General Body Meetings

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

28th Annual General Meeting on 24th July, 2008 at 3.00 p.m.
Conference Room, Dhannur, 15 Sir P M Road, Mumbai 400 001

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

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 2008-09. 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 09-10.

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, 2009 under clause 49 of the listing agreements with relevant stock exchanges.

We have examined the compliance of the conditions of corporate governance by SNL Bearings Limited, for the year ended on 31st March, 2009, 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 22, 2009

A. C. KHANNA
Partner
Membership No. 17814

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, 2009.

For **SNL Bearings Ltd.**

A. K. GHOSH
GENERAL MANAGER/CEO



SHAREHOLDERS' INFORMATION

1. Annual General Meeting

Date and Time	:	23rd July, 2009 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, 2009	:	23rd July, 2009
Financial reporting for the quarter ending September 30, 2009	:	Last week October, 2009
Financial reporting for the quarter ending December 31, 2009	:	Last week January, 2010
Financial reporting for the year ending March 31, 2010	:	End May, 2010
Annual General Meeting for the year ending March 31, 2010	:	July / August, 2010

3. **Book Closure Date** : 13th July, 2009 to 23rd July, 2009
(both days inclusive)

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

5. **Registered Office** : Dhannur, 15 Sir P. M. Road
Fort, Mumbai 400 001
(Tel) 2266 4160 / 4998
(Fax) 2266 0412

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 31st March :

No. of Equity Shares	2009				2008			
	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	3349	97.638	229721	6.361	3368	97.709	233329	6.460
501-1000	33	0.962	24950	0.691	33	0.957	25292	0.700
1001-2000	22	0.641	32125	0.890	21	0.609	30175	0.836
2001-3000	9	0.262	23550	0.652	8	0.232	21200	0.587
3001-4000	5	0.146	17400	0.482	4	0.116	13650	0.378
4001-5000	3	0.087	13450	0.372	4	0.116	17550	0.486
5001-10000	2	0.058	15200	0.421	2	0.058	15200	0.421
10001 & above	7	0.204	3255144	90.131	7	0.203	3255144	90.132
TOTAL	3430	100.000	3611540	100.000	3447	100.000	3611540	100.00

As on 31st March, 2009, 3245975 no. of shares constituting 89.88% of the share capital has been dematerialised.

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

9. Categories of shareholdings as on 31st March :

Category	2009				2008			
	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	3364	98.07	341863	9.47	3381	98.08	350613	9.71
Corporate Bodies	57	1.66	2551184	70.63	58	1.68	2542459	70.40
Foreign Collaborator	-	-	-	-	-	-	-	-
NRI/OCBs	5	0.15	925	0.03	4	0.12	900	0.02
FI/FII/Banks	4	0.12	717568	19.87	4	0.12	717568	19.87
Mutual Funds/UTI	-	-	-	-	-	-	-	-
TOTAL	3430	100.00	3611540	100.00	3447	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	2008-09 Nos.	2007-08 Nos.
Relating to transfers, Transmissions 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)	NIL	1
Relating to dividends (including revalidation of dividend warrants, non-receipt of dividend warrants and bank details)	NIL	NIL
Relating to change of address	4	6
Others	NIL	NIL
Total	4	7

- 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 : 4
- 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 2009-10 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, 2009-10 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.

2008-09	Bombay Stock Exchange Ltd.		
Month	High	Low	Volume
April'08	23.95	20.80	1200
May'08	28.85	23.55	10100
June'08	25.75	21.30	4300
July'08	24.50	17.25	700
August'08	22.10	19.00	650
September'08	22.05	18.10	1900
October'08	18.00	15.50	200
November'08	14.75	14.75	200
December'08	14.72	14.02	300
January'09	15.58	9.89	1150
February'09	9.40	6.33	550
March'09	6.32	5.71	1700
Total			22950

15. **Registrars and Transfer Agents** : M/s. Mondkar Computers P. Ltd.
(Share transfer and communication regarding share certificates, dividends and change of address) 21, 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 : 022-2266 4160/4998
Fax : 022-2266 0412
E-mail : sc.rangani@nrbbearings.co.in

Grievance redressal : investorcare_snl@nrbbearings.co.in

As per SEBI communication dt. May 20, 2009, it is now mandatory for the transferees to furnish copy of Pan Card to the Company / RTAs for registration of transfer of shares in physical form.

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.



RISK MANAGEMENT FRAMEWORK

Risk is an inherent aspect of business. Risk taking is an essential ingredient for growth. The negative fall outs of such an ingredient need to be managed through effective risk mitigation.

The Board of directors has been responsible for monitoring risk levels on various parameters.

1. Sources of risk and components of risk

The Board alongwith the management of the company has identified the following risks:

a. **Business risk**

Excessive dependence on any single product group, any single business segment increases risks. The company has a very high dependence on the automotive industry and a slow down in this industry affects the company.

Risk Mitigation

The product concentration is consciously built up as a natural consequence of the company's decision to have needle bearings as its core business.

Though a major part of the company's sales is to the automotive industry, there are different segments which are catered to by the company.

- a. two/three wheeler
- b. commercial vehicles
- c. tractors
- d. ancillaries

Each of these segments has its own business cycles which therefore mitigates against a slow down in any one segment.

Within the automotive industry the company has consciously moved to strong players among the OEMs so as to reduce risk of losses. Also close relationships are developed with our customers so that risk of sudden diversion is lowered.

b. **Financial risk**

The company is a net foreign exchange spender. Since the company's product prices are largely influenced by the landed cost of imported inputs, the company may lose in the event of a sudden depreciation of the Indian rupee.

Risk mitigation

To hedge its risk the company actively manages the exposure by taking forward cover

c. **Interest rate risk**

The company has no foreign currency borrowings. It is exposed only to interest rate fluctuations in rupee denominated borrowings for its working capital requirements and in respect of the ICD from the holding company.

Risk mitigation

The holding company lending has been maintained at favourable rates based on the cost of borrowing to the holding company. The holding company has been able to leverage its financial strength and obtain funding at cheap rates. Borrowings from the banking system for working capital requirements are also being closely monitored to get the benefit of best rates.



d. **Liquidity risk**

With a high level of accumulated losses the company is exposed to liquidity risk.

Risk mitigation

For the last three years the company has been making cash profits which has enabled it to repay its outstanding dues to third party lenders. It has also been able to avail its working capital requirements from its bankers. The dues to the holding company have been partly repaid to the extent of Rs.350 lacs during the year. This is expected to further reduce during the forthcoming year.

e. **Market risk**

New entrants in the needle bearing business could reduce business prospects of the company thus impacting its financial performance. The new entrants could be domestic players or international players taking advantage of the WTO Free Trade Agreements (FTA) or other similar government policies which are opening the Indian market to more imports at far lower costs than presently prevailing.

Risk mitigation

The company actively studies trends in the market and by constantly improving on price and performance parameters strives to retain its business.

Quality certification like ISO 9000 and TS 16949 ensures that systems are in place to mitigate quality problems at the product development stage and also processes identified for re-engineering so as to improve long term competitiveness.

f. **Event risk**

Damage to production facilities and or company properties like inventories at plants and warehouses.

Risk mitigation

Insurance policies covering fire, thefts/burglary, transit are already in place.

g. Non compliance of laws and regulations applicable to the company could result in legal action, fines and penalties.

Risk mitigation

Compliance certificates are regularly obtained from the business heads and the General Manager of the plant. Business decisions are taken after ensuring that the same are not in contravention of any law by taking opinions from independent legal counsel/consultants.

2. Structure

The management team ensures implementation of the mitigation measures by setting up:

- a. prudential norms aimed at limiting exposures
- b. formal reporting and control mechanisms to ensure timely information availability
- c. cascading down to the level of line managers at the transactional level all the mitigation measures

3. Processes and awareness

- a. Risk identification, monitoring movement (if any) in existing risks, defining measures to respond to new risks effectively is being done on a regular basis.
- b. As operational management team members have been involved in the setting up of measures to implement mitigation, awareness has been created and this facilitates pro-active risk management.



CEO/CFO CERTIFICATION

The Board of Directors
SNL Bearing Ltd.

We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief, we state that :

- a)
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements 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 our 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 we 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 we 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.

Mumbai : April 22, 2009

A K Ghosh
General Manager/CEO

S C Rangani
Director/CFO



**AUDITORS' REPORT TO THE MEMBERS OF SNL BEARINGS LIMITED ON THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

1. We have audited the attached balance sheet of SNL Bearings Limited, as at 31st March, 2009, 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. 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.
4. 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.
5. 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.
 - (v) On the basis of the written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



**AUDITORS' REPORT TO THE MEMBERS OF SNL BEARINGS LIMITED ON THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

- (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, 2009;
 - (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

A.C. KHANNA
Partner
Membership No. 17814

Mumbai : April 22, 2009



**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF SNL BEARINGS LIMITED ON
THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009
(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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (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.650.00 lacs and the year-end balance of such loans was Rs. 300.00 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, prima facie, not prejudicial to the interest of the company.
- (d) The payment of principal amount and interest in respect of such loans are as per stipulations
- (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. As per the information and explanations provided to us the Company is not involved in any service activities. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register, maintained under the said section have been so entered.
- (b) The transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lacs in respect of any party are of a special nature for which there are



**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF SNL BEARINGS LIMITED ON
THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009
(referred to in paragraph 4 of our report of even date) (Contd.)**

no alternative sources available nor are there 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. Accordingly, the provisions of clause (vi) of the said Order are not applicable to the company.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company 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 have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (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, 2009, 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 as at March 31, 2009 except in respect of certain disputed dues detailed as under;

Name of statute	Nature of the dues	Amount (Rs. In lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act	Sales Tax dues	5.24	2000-01	Joint Commissioner Appeals (Delhi)
Delhi Sales Tax	Sales Tax dues	1.45	2000-01	Joint Commissioner Appeals (Delhi)
Delhi Sales Tax	Sales Tax dues	2.69	2001-02 to 2002-03	Joint Commissioner Appeals (Delhi)
Central Value Added Tax	CENVAT dues	2.99	2005-06	Superintendent Excise, Ranchi
Excise & Service Tax Act	Service Tax on Lease rent	11.71	2002-03 to 2005-06	Commissioner of (Appeals) Central Excise, (Ranchi)



**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.)**

- (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 banks. The Company has not borrowed from any financial institution. Also, the Company has not issued any Debentures.
- (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. Accordingly, 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.
- (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, prima facie, applied by the Company during the year for the purpose for which the loan was obtained.
- (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

A.C. KHANNA
Partner
Membership No. 17814



BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	Rs.lacs	As at 31.03.2009 Rs.lacs	Rs.lacs	As at 31.03.2008 Rs.lacs
I. SOURCES OF FUNDS:					
1) Shareholders' funds:					
a) Share capital	1	1361.15		1361.15	
b) Reserves and surplus	2	15.03		15.03	
			1376.18		1376.18
2) Loan funds:					
a) Secured loans	3	123.46		67.93	
b) Unsecured loans	4	300.00		650.00	
			423.46		717.93
Total			1799.64		2094.11
II. APPLICATION OF FUNDS:					
1) Fixed assets:	5				
a) Gross block		1513.03		1496.84	
b) Less: Depreciation/ Amortisation		<u>1148.22</u>		<u>1111.24</u>	
c) Net block			364.81		385.60
2) Current assets, loans and advances:					
a) Inventories	6	606.86		426.78	
b) Sundry debtors	7	229.95		486.83	
c) Cash and bank balances	8	9.24		17.63	
d) Loans and advances	9	62.60		51.21	
		<u>908.65</u>		<u>982.45</u>	
Less: Current liabilities and provisions:					
a) Current liabilities	10	262.34		178.32	
b) Provisions	11	<u>37.30</u>		<u>21.73</u>	
		299.64		200.05	
Net current assets			609.01		782.40
3) Profit and loss account			825.82		926.11
Total			1799.64		2094.11
Significant accounting policies	18				
Notes to the accounts	19				

Per our report attached to the balance sheet

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

Chartered Accountants

A.C. KHANNA

Partner

Mumbai : April 22, 2009

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 22, 2009


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule No.	Rs.lacs	Year ended 31.03.2009 Rs.lacs	Rs.lacs	Year ended 31.03.2008 Rs.lacs
INCOME					
Sales (Gross)		1409.19		1808.71	
Less:Excise duty		169.20	1239.99	<u>252.87</u>	1555.84
Other income	12		22.64		<u>44.69</u>
			1262.63		1600.53
Increase/(Decrease) in stock of work-in-progress and finished goods	13		144.93		<u>(9.17)</u>
			1407.56		1591.36
EXPENDITURE					
Raw materials, components and packing materials consumed			403.25		408.05
Stores and spares consumed			98.64		101.11
Processing Charges			13.69		12.17
Power and fuel			81.87		124.06
Employee costs	14		399.57		351.43
Repairs	15		37.63		53.82
Other expenses	16		102.97		94.23
Depreciation /Amortisation	5		44.46		74.24
Interest	17		71.65		<u>94.16</u>
			1253.73		<u>1313.27</u>
PROFIT BEFORE TAX			153.83		278.09
Provision for taxation					
- Current tax		20.19			
- Deferred tax		-			
- Fringe benefit tax		2.07		2.03	
- In respect of earlier years		31.28			
			53.54		2.03
PROFIT AFTER TAX			100.29		276.06
Debit Balance brought forward			(926.11)		<u>(1202.17)</u>
BALANCE CARRIED TO BALANCE SHEET			(825.82)		<u>(926.11)</u>
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 15 on Schedule 19]			Rs. 0.83		Rs. 5.70

Per our report attached to the balance sheet

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

Chartered Accountants

A.C. KHANNA

Partner

Mumbai : April 22, 2009

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 22, 2009


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year ended 31.03.2009 Rs.lacs	Year ended 31.03.2008 Rs.lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT before TAX	153.83	278.09
Adjustments for :		
Depreciation	44.46	74.24
Interest expenditure	71.65	94.16
Profit on sale of fixed assets	(0.10)	(0.72)
Provision for doubtful debts	10.00	11.97
Provision for leave encashment	(1.54)	1.88
Provision for gratuity	9.72	2.41
	134.19	183.94
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	288.02	462.03
Changes in :		
- Trade and other receivables	235.49	(217.70)
- Inventories	(180.08)	(13.24)
- Trade payables/provisions	81.81	17.91
	(137.22)	(213.03)
NET CASH GENERATED FROM OPERATIONS	425.24	249.00
Direct taxes paid (Fringe benefit tax)	(43.74)	(1.93)
NET CASH FROM OPERATING ACTIVITIES	381.50	247.07
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(24.07)	(12.32)
Sale of fixed assets	0.50	178.09
NET CASH USED IN INVESTING ACTIVITIES	(23.57)	165.77


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009 (contd.)

	Year ended 31.03.2009		Year ended 31.03.2008	
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from borrowings		-		-
Repayment of borrowings		(351.65)		(401.48)
Increase in cash credit		57.18		64.76
Interest paid		(71.85)		(94.05)
NET CASH USED IN FINANCING ACTIVITIES		(366.32)		(430.77)
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(8.39)		(17.93)
CASH AND CASH EQUIVALENTS AS AT THE COMMENCEMENT OF THE FINANCIAL YEAR the components being:				
Cash on hand	0.01		0.01	
Balances with banks on current and margin accounts	17.62	17.63	35.55	35.56
CASH AND CASH EQUIVALENTS AS AT THE END OF THE FINANCIAL YEAR the components being:				
Cash on hand	0.01		0.01	
Balances with banks on current/ deposit accounts	9.23	9.24	17.62	17.63
NET DECREASE AS DISCLOSED ABOVE		(8.39)		(17.93)

Note : Figures in brackets are outflows/deductions

Per our report attached to the balance sheet

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

Chartered Accountants

A. C. KHANNA

Partner

Mumbai : April 22, 2009

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 22, 2009



SCHEDULES 1 TO 11 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	As at 31.03.2009 Rs. lacs	As at 31.03.2008 Rs.lacs
Schedule 1 - Share capital		
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 & Paid up:		
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), (ii) 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, 2009 (contd.)**

	As at 31.03.2009 Rs.lacs	As at 31.03.2008 Rs.lacs
Schedule 3 - Secured loans		
From bank:		
i) Cash credit facility (Refer note 1 below)	121.94	64.76
ii) Term Loan (Refer note 2 below)	<u>1.52</u>	<u>3.17</u>
Per balance sheet	<u>123.46</u>	<u>67.93</u>

1. Secured by hypothecation of inventories and book debts and guaranteed by the holding company, NRB Bearings Limited

2. Secured by hypothecation of a vehicle

Schedule 4 - Unsecured loans

Other loans and advances:

From the holding company, NRB Bearings Limited **300.00** 650.00
(repayable within one year Rs. 300 lacs; as at 31.03.2008: Rs. 650 lacs)

Per balance sheet **300.00** 650.00

Schedule 5 - Fixed Assets

Description	GROSS BLOCK-AT COST				DEPRECIATION/AMORTISATION				NET BLOCK	
	Opening Balance As at 01.04.08	Additions during the year	Deductions during the year	Closing Balance As at 31.03.09	Opening Balance As at 01.04.08	For the year	On deductions during the year	Closing Balance As at 31.03.09	As at 31.03.09	As at 31.03.08
	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
Tangible Assets:										
Building on leasehold land	184.48	-	-	184.48	60.20	4.87	-	65.07	119.41	124.28
Plant and machinery	1174.36	6.39	7.88	1172.87	972.46	27.47	7.48	992.45	180.42	201.90
Furniture, fixtures and equipment	45.36	0.50	-	45.86	26.39	4.45	-	30.84	15.02	18.99
Electrical installations	72.51	-	-	72.51	40.31	3.40	-	43.71	28.80	32.18
Vehicles	20.13	2.39	-	22.52	11.88	0.98	-	12.86	9.66	8.25
Intangible assets:										
-Computer software	-	14.79	-	14.79	-	3.29	-	3.29	11.50	-
Total	1496.84	24.07	7.88	1513.03	1111.24	44.46	7.48	1148.22	364.81	385.60
Previous year	1888.59	12.32	404.07	1496.84	1263.70	74.24	226.70	1111.24		
Per balance sheet									364.81	385.60


**SCHEDULES 1 TO 11 ANNEXED TO AND FORMING PART OF
THE BALANCE SHEET AS AT 31ST MARCH, 2009 (contd.)**

	Rs.lacs	As at 31.03.2009 Rs.lacs	Rs.lacs	As at 31.03.2008 Rs.lacs
Schedule 6 - Inventories (at lower of cost and net realisable value, as certified by a director)				
Stores and spare parts		96.16		78.37
Stock-in-trade				
Raw materials, bought out components and packing materials	95.54		78.18	
Work-in-progress	225.84		157.87	
Finished goods	189.32		112.36	
	_____	510.70	_____	348.41
Per balance sheet		<u>606.86</u>		<u>426.78</u>
Schedule 7 - Sundry debtors				
(Unsecured)				
Outstanding for a period exceeding six months considered good				
Other considered good		16.50		2.59
considered doubtful		53.90		43.90
		70.40		46.49
Others				
considered good		213.45		484.24
		283.85		530.73
Provision for doubtful debts		53.90		43.90
Per balance sheet		<u>229.95</u>		<u>486.83</u>
Schedule 8 - Cash and bank balances				
Cash on hand		0.01		0.01
With scheduled banks				
On current accounts		9.23		14.51
On fixed deposit account		-		3.11
Per balance sheet		<u>9.24</u>		<u>17.63</u>


**SCHEDULES 1 TO 11 ANNEXED TO AND FORMING PART OF
THE BALANCE SHEET AS AT 31ST MARCH, 2009 (contd.)**

	Rs.lacs	As at 31.03.2009 Rs.lacs	Rs.lacs	As at 31.03.2008 Rs.lacs
Schedule 9 - Loans and advances				
(Unsecured, considered good unless stated otherwise)				
Advances recoverable in cash or in kind or for value to be received		44.15		32.78
Income-tax recoverable		10.00		10.00
Balance with govt. authorities		<u>8.45</u>		<u>8.43</u>
Per balance sheet		<u><u>62.60</u></u>		<u><u>51.21</u></u>
Schedule 10 - Current liabilities				
Sundry creditors				
- due to micro enterprises and small enterprises (see note 4)		-		-
- due to others		<u>233.58</u>	<u>174.71</u>	174.71
Security deposits		3.61		3.41
Interest accrued but not due on loans		-		0.20
Book overdraft		<u>25.15</u>		-
Per balance sheet		<u><u>262.34</u></u>		<u><u>178.32</u></u>
Schedule 11 - Provisions				
Provision for compensated absences		17.58		19.12
Provision for gratuity		9.72		2.41
Fringe benefit tax (net of payments)		-		0.20
Provision for Income tax (Net)		<u>10.00</u>		<u>0.00</u>
Per balance sheet		<u><u>37.30</u></u>		<u><u>21.73</u></u>


SCHEDULES 12 TO 17 ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year ended 31.03.2009 Rs.lacs	Year ended 31.03.2008 Rs.lacs
Schedule 12 - Other income		
Sale of scrap	17.59	19.04
Lease rental	-	24.50
Profit on sale of fixed assets (net)	0.10	0.72
Miscellaneous	4.95	0.43
Per profit and loss account	<u>22.64</u>	<u>44.69</u>
Schedule 13 - Increase/(Decrease) in stock of work-in-progress and finished goods		
Closing stocks :		
Work-in-progress	225.84	157.87
Finished goods	189.32	112.36
	<u>415.16</u>	<u>270.23</u>
Opening stocks :		
Work-in-progress	157.87	127.29
Finished goods	112.36	152.11
	<u>270.23</u>	<u>279.40</u>
Per profit and loss account	<u>144.93</u>	<u>(9.17)</u>
Schedule 14 - Employee costs		
Salaries, wages and bonus	295.34	284.94
Gratuity	52.46	6.64
Company's contribution to provident fund and other funds	27.28	31.57
Staff welfare	24.49	28.28
Per profit and loss account	<u>399.57</u>	<u>351.43</u>
Schedule 15 - Repairs		
Plant and machinery	28.99	44.13
Building	3.93	4.61
Others	4.71	5.08
Per profit and loss account	<u>37.63</u>	<u>53.82</u>


SCHEDULES 12 TO 17 ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 (contd.)

	Year ended 31.03.2009		Year ended 31.03.2008
	Rs.lacs	Rs.lacs	Rs.lacs
Schedule 16 - Other expenses			
Insurance	2.31		3.01
Rent	4.34		4.34
Rates and taxes	2.39		1.35
Directors' fees	1.07		1.30
Commission on sales	1.82		2.14
Travelling and conveyance	18.69		18.08
Postage, telephone and fax	4.52		4.97
Bank charges	1.08		1.33
Legal and professional charges	11.35		9.27
Forwarding charges	4.99		8.54
Service charges	5.59		5.99
Bad debts written off	-	3.62	
Less: provision held	-	3.62	-
Provision for doubtful debts	10.00		11.97
Foreign exchange loss	12.79		1.48
Excise duty on Increase/(Decrease) in stock of finished goods	0.29		(5.50)
Miscellaneous	21.74		25.96
Per profit and loss account	<u>102.97</u>		<u>94.23</u>
Schedule 17 - Interest			
On fixed loans	0.58		0.61
On others	71.07		93.55
Per profit and loss account	<u>71.65</u>		<u>94.16</u>



Schedule 18 – Significant accounting policies annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date

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. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The estimates and assumptions used in the accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as on the date of financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Differences between the actual results and estimates are recognized in the period in which the results are known/materialize.

3. Fixed assets and depreciation

- (a) Tangible 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) Computer software is amortised over a period of three years on a straight line basis.
- (c) Depreciation is provided on the straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

4. Foreign currency transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected.

At the year end, monetary items denominated in foreign currency are reported using the closing rate of exchange.

Exchange differences arising thereon and on realization/payment of foreign exchange are accounted for in the relevant year as income or expense.

5. Inventories

Stock-in-trade comprising of raw materials, stores and spare parts, 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.

6. 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.



Schedule 18 – Significant accounting policies annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date

(b) Long term benefits:

(i) Defined Contribution Plan :

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 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 make an annual contribution to LIC. The Company makes provision for gratuity based on an actuarial valuation by actuary.

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 Company makes provision for compensated absences based on an actuarial valuation by actuary.

3. Actuarial gains and losses are recognised in the profit and loss account.

7. 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.

8. Impairment of assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. An impairment loss is charged to the Profit & Loss in the year in which as asset is identified as impaired. The impaired loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable value.



Schedule 18 – Significant accounting policies annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date

9. Revenue/Sales

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company. Revenue is recognized only when no significant uncertainties exist regarding the amount of consideration and it is reasonably certain that ultimate collection will be made.

Sale of goods/machines is recognized on dispatch to customers. “Net Sales” excludes amounts recovered towards excise duty, sales tax, octroi and freight and net of sales returns.

10. Taxation

- a. Income taxes are accounted for in accordance with Accounting Standard (AS)-22 “Accounting for taxes on income”. Income tax comprises both current and deferred tax.
- b. Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.
- c. The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as at the Balance Sheet date.
- d. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization.
- e. Provision for Fringe Benefits Tax (FBT) is made in accordance with Chapter XIIH of the Income Tax Act, 1961.

11. Leases**a. Finance Lease**

Assets acquired under lease where the company has substantially all the risks and rewards of ownership are classified as Finance Lease. Such assets are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

b. Operating Lease

Assets acquired on lease where significant portions of the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Such lease rentals are charged to Profit & Loss Account on straight line basis.

12. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

13. Segment Reporting

In accordance with Accounting Standard 17 on Segment reporting, the company has manufacturing of bearings and special purpose machines as the reportable business Segments and is geographically located primarily in India.



Schedule 19 – Notes annexed to and forming part of the balance sheet as at 31st March, 2009 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. 94.50 lacs and Rs. 50.81 lacs respectively as at 31st March, 2008 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 31.03.2008 : Rs. Nil lacs)
 - c) Provident fund and other matters in respect of workers: Rs. 5.05 lacs, (as at 31.03.2008 : Rs. 5.05 lacs)
 - d) Sales tax matters : Rs. 6.69 lacs (as at 31.03.2008 : Rs. 6.69 lacs)
 - e) Excise duty/service tax matters : Rs. 14.70 lacs (as at 31.03.2008 : Rs. 14.70 lacs)
2. (i) In the previous year, the company had 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. 295.67 lacs (as at 31.03.2008 : Rs. 235.67 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. 825.82 lacs (as at 31.03.2008: Rs. 926.11 lacs), the continuing support of the holding company and the restructuring process initiated by the management.
4. 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. The auditors have relied on the representation made by the management



Schedule 19 – Notes annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date (contd.)

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

	Year ended 31.03.2009 Rs.lacs	Year ended 31.03.2008 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	0.08	0.11

6. Raw materials, components and packing materials consumed:

	Unit	Year ended 31.03.2009		Year ended 31.03.2008	
		Quantity	Value Rs.lacs	Quantity	Value Rs.lacs
Raw materials:					
Steel Wires	Tonnes	66	55.48	78	60.96
Steel Strips	"	137	124.04	144	126.41
Steel Tubes	Mtrs in 000's	46	97.00	59	108.48
Sub-total			<u>276.52</u>		<u>295.85</u>
Components:					
For bushes and cages	Nos. in 000's	5340	14.62	6667	30.88
For Special Purpose Machines		*	95.65	*	61.22
Sub-total			<u>110.27</u>		<u>92.10</u>
Packing materials:		*	16.46	*	20.10
* diverse quantitative units			<u> </u>		<u> </u>
Grand total:			<u>403.25</u>		<u>408.05</u>
Of which		%	Value Rs.lacs	%	Value Rs.lacs
Imported		36	145.23	24	98.90
Indigenous		64	258.02	76	309.15
Total		<u>100</u>	<u>403.25</u>	<u>100</u>	<u>408.05</u>

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



Schedule 19 – Notes annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date (contd.)

7. Stores and spares consumed:

	Year ended 31.03.2009		Year ended 31.03.2008	
	%	Value Rs.lacs	%	Value Rs.lacs
Imported	-	-	-	-
Indigenous	100	98.64	100	101.11
	<u>100</u>	<u>98.64</u>	<u>100</u>	<u>101.11</u>

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

8. Capacity and production:

	Unit	Installed capacity (per annum)		Production	
		As at 31.03.2009	As at 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2008
Needle Roller Bushes and Cages	Nos in 000's	12000	12000	10719	11374
Needle Rollers	"	250000	250000	185826	211946
Special Purpose Machines	Nos	Note (iv)	Note (iv)	3	7

- 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.145428 in thousands (year ended 31.03.2008: Nos. 164879 in thousands)
 - There is no separate installed capacity for Special Purpose Machines.

9. Sales (net of excise duty):

	Unit	Year ended 31.03.2009		Year ended 31.03.2008	
		Quantity	Value Rs. lacs	Quantity	Value Rs. lacs
Needle Roller Bushes and Cages	Nos in 000's	9968	1090.89	11786	1406.84
Needle rollers	"	36646	57.17	47823	65.97
Special Purpose Machines	Nos	3	91.93	7	83.03
Total			<u>1239.99</u>		<u>1555.84</u>



Schedule 19 – Notes annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date (contd.)

10. Closing stock of finished goods:

	<u>Unit</u>	<u>As at 31.03.2009 Quantity</u>	<u>Value Rs. lacs</u>	<u>As at 31.03.2008 Quantity</u>	<u>Value Rs. lacs</u>
Needle Roller Bushes and Cages	Nos.in 000's	2306	176.00	1555	102.40
Needle Rollers	“	18122	13.32	14370	9.96
Total			<u>189.32</u>		<u>112.36</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. 9.81 lacs (Previous year 31.03.2008: Rs.12.64 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

	<u>Year ended 31.03.2009 Rs. lacs</u>	<u>Year ended 31.03.2008 Rs. lacs</u>
11. C.I.F. value of imports:		
Raw materials and components	189.13	126.62
12. Earnings in foreign currency:		
FOB Value of Exports	32.48	19.75



Schedule 19 – Notes annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date (contd.)

13. Segment Information

Primary Segments- Business Segments		Bearings	Special Purpose Machines	Total Amount
		Rs.lacs	Rs.lacs	Rs.lacs
A Segment Revenue				
Sales (Net)		1148.06	91.93	1239.99
		(1472.81)	(83.03)	(1555.84)
Inter Segment Revenue		-	-	-
Total Segment Revenue		1148.06	91.93	1239.99
		(1472.81)	(83.03)	(1555.84)
B Segment Results		220.35	17.74	238.09
		(361.01)	(23.89)	(405.09)
Less: Unallocated corporate expenses				35.25
				(57.34)
Less: Interest expense				71.65
				(94.16)
Unallocated income				22.64
				(44.69)
Profit before tax				153.83
				(278.09)
Less : Provision for taxation-Fringe benefit tax				53.54
				(2.03)
Profit after tax				100.29
				(276.06)
C Segment Assets		1143.82	124.96	1273.46
		(1269.04)	(94.33)	(1363.37)
Unallocated corporate assets				-
				(4.68)
Total Assets				1273.46
				(1368.05)
D Less : Segment Liabilities		245.57	54.07	299.64
		(195.36)	(4.69)	(200.05)
Less : Unallocated corporate liabilities				423.46
				(717.93)
Total Liabilities				723.10
				(917.98)
E Cost incurred during the period to acquire segment fixed assets		24.07	-	24.07
		(12.32)	(-)	(12.32)
F Depreciation / Amortisation		44.46	-	44.46
		(49.21)	(-)	(49.21)
G Non-cash expenses other than depreciation/amortisation		-	-	-
		(-)	(-)	(-)

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 – Notes annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date (contd.)

14. 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. M N Hoda
- Mr. S C Rangani
- Mr. J S Maini
- Mr. V S Iyer

Fellow subsidiary NRB Bearings (Thailand) Ltd.

(ii) Transactions with related parties

Name of the related party and description of relationship	Nature of transaction	Volume of transactions		Receivable/ (Payable)	
		Year ended	Year ended	As at	As at
		31.03.2009	31.03.2008	31.03.2009	31.03.2008
		Rs.lacs	Rs.lacs	Rs.lacs	Rs.lacs
(a) NRB Bearings Limited, (NRB)-holding company	ICD repaid	350.00	400.00	(300.00)	(650.00)
	Interest paid on ICD	58.91	92.10	-	-
	Sale of raw materials etc.& finished goods	838.50	757.66	75.19	247.43
	Sale of fixed assets	-	175.10		
	Purchase of raw materials	12.89	13.45		
	Lease rent received	-	24.50		
				} Outstanding guarantees	
	Guarantees given on behalf of company	210.00	210.00	210.00	210.00
(b) Key management personnel	Director's fees				
- Ms. H. S. Zaveri		0.33	0.37	-	-
- Mr. M. N. Hoda		0.15	0.18	-	-
- Mr. S. C. Rangani		0.10	0.10	-	-
- Mr. J. S. Maini		0.15	0.20	-	-
- Mr. V. S. Iyer		0.35	0.45	-	-



Schedule 19 – Notes annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date (contd.)

15. Values used in calculating Earnings Per Share:

	Year ended 31.03.2009 (Rs.in lacs)	Year ended 31.03.2008 (Rs.in lacs)
(a) Numerator: (i) Profit after tax	100.29	276.06
(ii) Undeclared dividend on cumulative preference shares for the year	60.00	60.00
(iii) Additional income-tax on distributable profits	10.20	10.20
(iv) Profit / (Loss) after tax attributable to equity shareholders	30.09	205.86
(b) Denominator : Number of Equity Shares	3,611,540	3,611,540
(c) Earnings per share	0.83	5.70

16. Deferred taxes:

Nature of timing difference	Deferred tax asset/ (liability) as at 31st March, 2008 (Rs in lacs)	(Charge)/credit for the current year (Rs in lacs)	Deferred tax asset/(liability) as at 31st March, 2009 (Rs. in lacs)
(i)	(ii)	(iii)	(iv)
(a) Deferred tax liabilities			
Depreciation	(103.86)	6.08	(97.78)
Sub-total	(103.86)	6.08	(97.78)
(b) Deferred tax assets			
Provision for doubtful Debts	14.92	3.40	18.32
Provision for Gratuity	-	3.30	3.30
Provision for compensated absences	-	5.98	5.98
Carry forward business loss (*)	88.94	(18.76)	70.18
Sub-total	103.86	(6.08)	(97.78)
Net Amount	-	-	-

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



Schedule 19 – Notes annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date (contd.)

17. Derivative Instruments:

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

	Currency Type	As on 31st March, 2009		As on 31st March, 2008	
		Amount in Foreign Currency	Amount (Rs.in lacs)	Amount in Foreign Currency	Amount (Rs.in lacs)
Amount receivable	EURO	20,205.92	13.06	4,900	3.09
Amount payable	EURO	47,724.75	31.67	52,771	33.29
	CHF	34,741.50	15.35	-	-

18. Disclosure required as per AS-15 is as under:

(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	8.30 (12.83)
Employer's Contribution to Family Pension Fund	11.75 (11.35)

(b) **Defined Benefit Plan**

Gratuity and long term compensated absences - As per actuarial valuation as on March 31, 2009

	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, 2008	71.71 (66.80)	17.07 (15.39)
Interest Cost	6.05 (5.33)	1.44 (1.23)
Current Service Cost	3.85 (2.94)	2.42 (3.49)



Schedule 19 – Notes annexed to and forming part of the balance sheet as at 31st March, 2009 and the profit and loss account for the year ended on that date (contd.)

18. (Contd.)	Rs. In Lacs	
	Gratuity (Funded)	Compensated absences (Unfunded)
Benefits paid	(8.79) (-4.62)	(2.88) (-1.19)
Net Actuarial (Gain)/Loss	15.41 (1.26)	(3.26) (-1.85)
Present Value of Defined Benefit obligation as at March 31, 2009	88.24 (71.71)	14.79 (17.07)
II Reconciliation of fair value of plan assets	38.65	-
Fair value of plan assets as at March 31, 2009	(36.15)	-
Expected return on plan assets	6.35 (2.89)	- -
Net Actuarial Gain / (Loss)	(2.84) (-)	- -
Employer's contribution	41.67 (4.23)	- -
Benefits paid	(5.31) (-4.62)	- -
Fair value of plan assets as at March 31, 2009	78.52 (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.
III Net asset / (liability) recognised in Balance Sheet as at March 31, 2009.		
Present Value of Defined Benefit obligation	88.24 (71.71)	14.79 (17.07)
Fair value of plan assets	78.52 (38.65)	- (-)
Net asset / (liability) recognised in Balance Sheet	(9.72) (-2.41)	(14.79) (-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.)

18. (Contd.)

	Rs. In Lacs	
	Gratuity (Funded)	Compensated absences (Unfunded)
IV Component of employer's expenses		
Current Service Cost	3.85 (2.94)	2.42 (3.49)
Interest Cost	6.05 (5.33)	1.44 (1.23)
Expected return on plan asset	(6.35) (-2.89)	(-) (-)
Net Actuarial (Gain)/Loss	18.26 (1.26)	(3.26) (-1.85)
Total expenses recognised in the profit and loss account in schedule 14, under:	21.81 (6.64)	0.60 (2.87)
	Gratuity	Salary, wages and bonus
Actual return on plan assets	3.5 (-)	N.A. -
V Present Value of Defined Benefit Obligation	88.24	-
Fair Value of Plan Assets	78.52	-
Experience Adjustment on Defined Benefit Obligation	(4.60)	-
Experience Adjustment on Fair Value of Plan Assets	(2.84)	-
Note: Figures in respect of previous year are not available with the company. Hence not furnished in the above table V.		
VI Actuarial assumptions		
Mortality Table	LIC (1994-96) (Ultimate)	LIC (1994-96) (Ultimate)
Discount rate	7.75% (8.5%)	7.75% (8%)
Salary escalation	2% (3%)	2% (3%)

VII The above information is certified by the actuary.



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.)

19. (i) The company has taken factory land on lease.
- (ii) Lease payments for land recognized in Schedule 16 Rs.4.33 lacs (previous year Rs.4.33 lacs)
- The future minimum lease payments under non-cancellable operating lease – not later than one year:Rs.4.33 lacs (previous year:Rs.4.33 lacs), later than one year and not later than five years:Rs.21.69 lacs (previous year Rs.21.69 lacs)
20. 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 22, 2009


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=""/>	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=""/>
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=""/>	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=""/>

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="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="4"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="4"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="4"/>
	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=""/> <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=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="0"/> <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=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="1"/>	<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=""/>
	Net Current Assets	Miscellaneous Expenses
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="1"/>	<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=""/>
	Accumulated Losses	
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="2"/>	

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="2"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="3"/>
	Profit/Loss before Tax	Profit/Loss after Tax
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/> <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=""/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="3"/>	<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=""/>

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=""/>
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 22, 2009

S. C. Rangani V. S. Iyer
 Directors