

Ladies and Gentlemen:

I am pleased to extend you , on behalf of my colleagues on the Board and of myself, a very warm welcome to this 49th Annual General Meeting of our company.

Economic Environment/ Company's performance

Last year's performance has to be viewed in the context of the difficult business environment with high interest rates, persistent inflation, contraction of industrial production and weak demand in the high value 4 wheeler segments of the automotive industry. The overall volatility in the environment had a negative influence on consumer sentiment and demand. Barring the two wheeler and tractor segments, the automotive sector, one of the largest consumers of the company's products, saw de-growth in the high value commercial vehicle and passenger car segments. Given this sluggish environment in the manufacturing sector, the company aggressively pushed sales in the aftermarket and for exports and successfully increased sales by an average of 20% in these segments, and I am happy to report that your company once again achieved its highest ever sales turnover of Rs.58219 lacs (previous year Rs. 56815 lacs) a growth of 2.50% and also achieved its highest ever exports of Rs.13585 lacs (previous year Rs.12250 lacs). Profit after tax is lower at Rs.3818 lacs (previous year Rs.4704 lacs) down by 18.8% on account of higher input costs, finance and depreciation costs and higher taxes with scaling down of benefits from the Pantnagar plant operations.

Market growth in the Indian mobility industry for both people and goods has a very large potential given the geographical spread and size of population-- personal mobility is spurred by the increasing disposable incomes and higher rural incomes of an aspirational young population, given the relatively low current penetration. Growth in the goods and infra mobility segment is driven by the need to establish strong supply chains between producers and markets.

Creation of right investment sentiment is key for India's long term sustainable growth. All of us have expectations from the new government at the Centre to accelerate economic activity by restarting stalled infrastructure projects and re- initiating reforms so that industrial growth is fast tracked again. The Indian economy with its many inherent strengths - strong domestic consumption, the unprecedented scale and size of the 12th Plan leading to continued demand from the core sectors like steel, cement, mining, oil & natural gas, the implementation of the Western and Eastern Freight Corridors of the Railways and the Metro railways in important cities, the low vehicle penetration coupled with improving highway and rural road network development can make India a key market for global players- all of which will have a direct and favourable impact on the growth of the bearings industry.

Current year Q1

Net sales for Q1 April to June'14 at Rs 153 crores (previous year Rs 129 crores)- are up by 18% compared to the corresponding quarter of the previous year. During the quarters ahead, your company will continue to expand its foot print in geographies with promising business potential - global OEMs in Europe, USA, Mexico South America and the extension of its reach to ASEAN countries - Thailand, Indonesia, Vietnam. Exports currently constitute over 25% of the company's net sales. In

the domestic market, we have increased our share of business. Both domestic and export sales are sufficiently diversified such that no single country is more than 10% of revenue exposure. Your company is effectively targetting specific growth in India and internationally and is confident that the Q1 growth rates will be sustained.

Outlook and business strategies

Most of the worlds large vehicle manufacturers have set up base in India and are expanding rapidly with a thrust on localisation to improve competitiveness. Indian customers are also demanding better performance in terms of the reliability and efficiency of vehicles. The mobility industry has a large underserved market backed by the growing young middle class with rising aspirations and rural prosperity.

The USD 40 billion auto components industry is expected to grow to USD 100 billion by 2021 and with a growing vehicle producing capacity, India is set to become a global production hub. Indian industry has to gear itself to changes including electric and hybrid cars, green consciousness and carbon emissions, as well as high fuel prices and regulatory changes across the world.

Your company is working continuously to leverage its wide range of products and its Engineering capabilities and priming its sourcing and purchasing capabilities. The company remains committed to implementing Quality and is investing in sophisticated technology to meet the growing demand for high quality products. With enhanced manufacturing capacities already in place, your company is well placed to take advantage of the revival in demand during the course of next two years.

Subsidiary companies

The operating results of SNL Bearings Ltd for the year ended 31st March,2014 have declined with a PBT of Rs.496.05 lacs (Rs.611.05 lacs for the previous year) being affected by the sluggish demand environment and higher costs of inputs and finance costs. The company has undertaken investments to enhance capacity and will make every effort to improve its performance during the current year by capitalising on growth opportunities.

At our greenfield venture in Thailand, the fully owned subsidiary NRB Bearings (Thailand) Ltd., the overall sales increased by 14% to THB 87 million (Rs.1608 lacs). During FY 2014-15, manufacturing activity will be further enhanced from the present level of 30%. New business has been finalised with global Japanese customers and the manufacture of new products as well as enhanced production of needle rollers, planned during FY 2014-15 and FY 2015-16 will help in improving the financial results during the coming years.

Acknowledgements

I would like to express my special thanks and deep appreciation for the continued support of our customers, suppliers, bankers and other business associates. I thank Team NRB for their collective contribution to the company's performance. To you, our shareholders, I extend special thanks for your unstinted support and encouragement in our journey of growth.

T S SAHNEY

August 11, 2014