

NRB BEARINGS LIMITED

CHAIRMAN'S SPEECH

47th ANNUAL GENERAL MEETING HELD ON AUGUST 3rd 2012

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 47th Annual General Meeting of our company.

Economic Environment/ Company's performance

During fiscal 2011-12, industrial growth has moderated. While the long term outlook of the Indian economy remains positive, there are clear challenges in the immediate short term.

The global macro environment is currently rife with risks: the probability of a major crisis in the euro zone is high and rising, economic recovery in the US is faltering, China is slowing and oil markets remain in a state of flux. In India, meanwhile weak domestic macros – high inflation, large fiscal and current account deficits- and partisan coalition politics continue to constrain policy actions critical to supporting growth in this challenged global economic environment.

While the short term does present challenges, over the mid and longer term, bearing products offer good growth potential. Over the next several years, India's automotive sector is expected to be one of the fastest growing in the world aided by favourable demographics, rising disposable income of the expanding middle class households, improved highway and rural road network contributing to increase in the low vehicle penetration and making India a key market for global players. The Indian governments Automotive Mission Plan 2016 will facilitate such growth and targets a doubling of the automotive industries contribution to the Indian economy between 2006-2016. Government has announced infrastructure spending in the 12th Five Year Plan will double to US\$ 1 trillion and these investments in roads, railways and power generation will result in a multiplier effect across the core sectors. Overall prospects for industrial development remain positive.

The company has posted record net sales revenues, crossing the milestone of Rs.500 crores in net sales, with net sales increasing 16% from Rs 466.36 crores in the previous year to Rs.540.71 crores – an all time high! However margin pressures resulted in profit after tax being lower at Rs.48.29 crores as compared to Rs.53.92 crores in 2010-11, down by 10.5%.

The Board of Directors have recommended that the dividend of 100%(Rs 2.00 per share), be maintained considering the long term growth prospects .

Current year Q1

Net sales for Q1 – April to June'12 – are up by 9.8% compared to the corresponding quarter of the previous year. Q 1 PAT (Profit after tax) has declined from Rs. 1214 lacs (net of exceptional item) to Rs. 1086 lacs reflecting the cost pressures. The quarters ahead, will continue to be challenging with rising input costs, even as the Government endeavours to curb inflationary growth.

It is still too early to spot definitive trends about market growth, and though the fundamental drivers of India's growth prospects remain intact, global developments in conjunction with Indian policy responses are likely to make 2012-13 a challenging year. The company's management team will need to be continually

vigilant to successfully weather the rough economic terrain that lies ahead. I have the fullest confidence in their ability to do so.

Outlook and business strategies

The automotive industry has been, and probably will always be, a barometer of the economic health of a nation and remains a symbol of a nation's prosperity. It will continue to play an important role in the development of India, given the Government's thrust on inclusive growth and the need to put infrastructural projects on the rail again.

To meet growing customer expectations, your company has regularly invested in modern manufacturing technology so that precision is embedded in all our products and quality improvements are a continuing process. In the highly demanding overseas markets, your company has leveraged its technological and product development capabilities and customer focus to be rated an important global supplier to the world's marquee OEMs. The company's thrust on exports has resulted in monthly exports crossing USD 10 million, with this trend expected to be sustained in the coming months. Exports currently constitute over 15% of the company's net sales, having grown by 74% during the previous year.

Our Industrial Bearings' business catering to every segment of industry – power generation and electrical, non-conventional energy, infrastructure, metals, mining, machine tools, material handling, cement/paper/agricultural machinery and other industries --- will be demerged in October'12. This business calls for focused marketing, product development and manufacturing approach and uncharted potential. Progressively the production of such bearings including special variety of products like cam followers, linear motion systems etc. will move to a new plant at Shendra, Aurangabad. With the new entity and its joint ventures focused on such businesses, we expect non automotive business to be a growth driver for the new entity, over the next few years.

Subsidiary companies

The operating results of SNL Bearings Ltd for the year ended 31st March, 2012 have been excellent with a PBT of Rs.623.82 lacs (Rs.480.75 lacs for the previous year). The redemptions of Preference Capital aggregating Rs. 6 crores to date have been effected on due dates.

Q1 results indicate that the company will improve its over all financial performance in the current year and will continue to consolidate its position and capture growth opportunities.

At our greenfield venture in Thailand, the fully owned subsidiary NRB Bearings (Thailand) Ltd., the trading business has grown by 20% and continues to be an important component of our business. Manufacturing commenced in November 2011 and with enhanced manufacturing facilities being made operational during the current year, we expect the subsidiary to report cash profits by the end of the current year with the projected mix of trading and manufacturing activities.

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. My thanks to all the employees for their collective contribution to the company's performance. To you, our shareholders, we are committed to uphold the faith and trust you have reposed in us. Without the support and encouragement from all our stakeholders, none of what we have been able to do could have been achieved.

T S SAHNEY

August 3, 2012

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