

SNL BEARINGS LTD.
CIN: L99999MH1979PLC134191

**CHAIRMAN'S SPEECH AT THE 39th ANNUAL GENERAL MEETING HELD ON
AUGUST 8, 2019**

Ladies and Gentlemen:

I am pleased to extend, on behalf of my colleagues and myself a very warm and cordial welcome to all of you to the 39th Annual General Meeting of the Company. I greatly appreciate the support of all of you our dear shareholders and thank you for the faith and trust reposed in me and my team.

Company's performance for the period under review

India has remained one of the fastest growing major economies in F.Y. 2018-19, in spite of pressures from global market conditions and the challenges in terms of escalation in tariffs and protectionist policies, the US-China trade war, looming threat of a 'no-deal' Brexit, and a slowdown in China, we managed good growth the past year. The outlook for F.Y. 2019-20 is clouded with uncertainty across all segments within manufacturing and more particularly for the auto component industry which is facing an unprecedented and sharp slowdown; liquidity has tightened, risk awareness has heightened and consumption has slowed. There are also other signs of discord, which are not good for the economy.

SNL net revenues for the year 2018-19 at Rs. 4064 lakhs (previous year Rs. 3831 lakhs) are higher by 6% helped by volume growth and higher income from short term investments. Profit after tax (PAT) at Rs. 814 lakhs (previous year Rs. 822 lakhs) has not kept pace with top line growth, as operating and administrative expenses have risen.

With the support of the holding company, plans are being prepared for a diverse and customized product range, to increase production capabilities which will help in improving our standards of productivity, quality and service and also give more flexibility, simultaneously enhancing our engineering capabilities and people competencies to improve competitiveness for coping with the challenges in the coming years.

You will be happy to note that Dividend has been maintained at Rs. 5/- per share (Previous year Rs. 5/- per share).

Current year outlook and business strategy

The long term prospects for the Indian economy remain intact owing to the growth of internal consumption. Demand for personal vehicles will be driven with improving purchasing power and disposable incomes, and the rising aspirations of the youth and the middle classes who still look at vehicle ownership as a sign of success. Rapid urbanization will drive the need for public transportation. As India addresses the twin challenges of inclusive growth and sustainability, even a normal monsoon, with improved availability of rural finance, will positively influence demand for two wheelers as well as agricultural equipment.

With the historic mandate that the new government has received, we are optimistic that these concerns will be addressed as the main driving force for economic growth is India's strong consumption base and the aspirations of all sections of society. We appreciate the vision of our political leadership to build India into a USD 10 trillion economy and are confident that with high standards of ethics and good governance and a culture of trust between people, the Centre and States, and between government and industry, supported by the requisite investment in skill development, our nation can achieve this ambitious target. There is still optimism and we are hopeful of an improvement in H2FY20, with support by the required policy changes and the expected benefits from low oil prices and the pro-agriculture and pro- infrastructure budget, and easing of inflationary pressures.

The mid to long term outlook for the Indian auto industry is positive. As per the Automotive Mission Plan 2026, the industry is expected to grow at double digit CAGR between the period 2016-2026

Other factors likely to positively impact demand for the Mobility business are:

1. Policies by the new Government to drive consumption
2. Availability and affordability of finance
3. Good monsoon with a reasonably uniform spread in geography
4. Likely pre-buying before transition to BS VI

In addition to normal threats of spurious bearings, dumping of cheap bearings by Chinese and other South East Asian countries, the domestic bearing industry is facing

- a. Regulatory demands on emission levels, improved safety norms and higher expectations for improved reliability of the vehicles may result in need for investments in newer technology, R & D investments. This could cause a higher burden of fixed costs. It is expected that implementation of BS VI standards will lead to demand for components like catalytic convertors, electronic fuel injection systems, intelligent battery sensors.
- b. Concerns over air quality and the need to reduce dependence on fossil fuels is pushing the Government to actively pursue larger scale adoption of EVs, especially for intra city uses in fleet application. These are disruptive technology driven trends could change the future of the mobility industry.

Of course, the industry and your company are continuously exploring ways to strengthen competitive advantage by minimizing waste, increasing efficiencies and producing high quality products to counter the threat of cheap imports. It is comforting that during FY2020, commodity price increases are expected to be benign.

FY 2019-20 Q1

During the quarter ended 30th June, 2019, net total revenues of Rs. 951 lacs has grown by 15% compared to the net total revenues of Rs. 824 lacs achieved during the corresponding quarter of the previous year. Profit before tax during the quarter one has gone down by 4% to Rs. 208 lacs compared to Rs. 228 lacs during the corresponding quarter of the previous year. During the quarters ahead, your Company expects a challenging market scenario.

The Company hopes to achieve its projected growth in sales turnover with enhanced volumes from new products developed and additions to its customer base. All measures in place to minimize waste & increase efficiencies. Management expects operational efficiencies to further improve during the current year with enhanced customer centricity, a continuous improvement culture focused passionately on waste elimination with a low-cost automation program, strong HR support to enhance people productivity driven by a small and dedicated team which encourages speed and innovation.

Acknowledgements

I take this opportunity to thank the company's shareholders, bankers, customers and stockists, and suppliers, for their dedicated efforts in supporting the company. I would like to express my gratitude to the management teams of the company and the holding company and all the employees for the hard work they have put in to deliver the reasonable financial results in spite of the challenging environment.

Harshbeena Zaveri
Chairman

August 08, 2019