



SNL BEARINGS LIMITED

CIN: L99999MH1979PLC134191

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

Tel: +91 22 22663698, Fax: +91 22 22660412

Website: www.snlbearings.in, Email: investorcare@snlbearings.in

CHAIRPERSON'S SPEECH

43RD ANNUAL GENERAL MEETING – SEPTEMBER 8, 2023

Ladies and Gentlemen:

It gives me great pleasure to welcome you all to the 43rd Annual General Meeting of SNL Bearings Limited. As we gather virtually once again, it is a pleasure and privilege to host you today.

Economic Environment & Company's Performance

During the year under review, the after-effects of the pandemic coupled with the Russia-Ukraine war posed challenges for economies around the world, leading to a surge in inflation and prompting aggressive monetary tightening policies in several developed and developing countries. This triggered capital outflows and currency depreciations in developing countries, increasing balance of payment pressures and heightening debt sustainability risks. Fortunately, India has been a bright spot even during this challenging period and has emerged as amongst the fastest growing economies in the last few years with a growth rate of 7.2% for FY 2022-23, and is touted to become the world's third largest economy by 2030.

Demand in the Indian automotive market in Financial Year (FY) 2022- 23 continued the growth trajectory from the previous year. The light vehicles segment recorded highest production levels since 2018 with many successful new model launches. The performance of the two wheelers and tractors segments was sluggish as rural incomes have not fully recovered post pandemic. On the raw material side, prices remained elevated during the year. Process re-engineering, automation and digitization with a view to improve operations went on as planned.

In India, during FY 2022-23, government initiatives, along with the central bank's monetary policy enabled the country to navigate the geo-political tensions effectively. Considering India's resilient domestic demand and the

RBI's success in containing inflation, the outlook for the future remains optimistic.

Reflecting back to the sectoral review, according to the Society of Indian Automobile Manufacturers (SIAM) data, overall vehicle sales in the domestic market grew by 20.4% in FY 2022-23 and passenger vehicle volumes surpassed record high volumes seen in FY 2018-19. The supply side issues such as the erratic availability of semi-conductors and the non-availability and high costs of shipping containers subsided, which enabled the automotive sector to register strong growth this fiscal year.

Your Company's revenue (net) was at Rs. 4,787 lakhs in FY 2022-23 (Previous Year: Rs. 4,351 lakhs) representing a growth of 10%. Profit after tax declined by 7% to Rs. 818 lakhs (Previous Year: Rs. 883 lakhs). While a price pass through could have enabled the company to achieve a better profitability, we continued with pro-active efforts to implement supply diversification & cost control measures. There has been a renewed focus on broadening the customers' base so as to optimally utilize the Company's installed capacities, targeting operational efficiency and productivity. New product development is also a new focus area, to be ready to service the new hybrid and electric vehicle models being introduced. This will help the Company to achieve its long term strategic objectives to grow rapidly.

Current Year - Q1

The Net sales for Q1 – April to June 2023 at Rs. 11.80 crores shows an increase of 4.50% as compared to Rs. 11.33 crores for the previous quarter and the expectation is that sales revenues for Q2 will improve due to an increase in market demand.

Future Outlook

With the Indian growth story being driven by the various competitive advantages offered by the governmental push towards encouraging manufacturing in India, this should translate into a higher growth trajectory for the Indian economy. We need to be agile to take advantage of these opportunities and convert them to achieve our own milestones for faster growth. Several economic indicators such as power demand, rail freight, e-way bills, GST collection, steel consumption, among others are trending positively and could lead economic recovery in FY23-24. The emphasis on infrastructure spending for roads and mass rail transportation, vehicle scrappage policy are all expected to aid demand for new vehicles.

Continuous innovations and new launches, by way of hybrid fuel efficient vehicles will further propel demand and allow the industry time to adjust their production facilities to meet the new requirements for the introduction of Elec-

tric vehicles, which are expected to constitute a sizeable portion of vehicle production between 2025 and 2030.

India is emerging as a global hub for auto component sourcing and the industry exports over 25% of its production annually. Auto component exports are expected to grow and reach US\$ 30 billion in FY26. India has a competitive advantage in auto components categories such as shafts, bearings and fasteners. This factor is likely to result into higher exports in coming years.

During the quarters ahead, we are confident that your Company's pace of growth will pick up and the overall performance for the year will be strong.

Acknowledgements

We thank you, our dear shareholders for your unstinting support for which we remain grateful. We thank our bankers, customers and suppliers, for their continuing support to the company.

I would also like to express my gratitude to the management teams of the company and the holding company (NRB Bearings Limited) for the hard work they have put in. I look forward to continue working with optimism in facing the future challenges with much motivation and courage.

Harshbeena Zaveri
Chairperson

September 8, 2023