

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development:

The Auto Ancillary segment of the industry has established itself with global level of technology and capabilities. The demand for products will continue to grow with enhanced volumes of the vehicle industry and our Company can look towards its growth. Quality, delivery and competitive pricing are to conform to International Standard.

Opportunities and Threats:

The increase in new generation of vehicles which have to conform to stringent emission norms call for manufacture of Bearings with matching characteristics. Your Company is positioned to meet the opportunities. The change in emission norms and the attendant change in inputs to cater this demand of engines have been recognised in investment inappropriate technology and processes. Electric mover power which is being spoken about in relation to replacement of IC engines requires specific attention and focus in order to estimate the extent of shift in volumes / applications along with a time scale and plan for the future.

Outlook:

The increase in the demand for the Company's products supported by appropriate economic factors in the market segments like Heavy Vehicles, Tractors, Powders and Strips are expected to offer good opportunities for the Company. The next milestone of implementation of BS VI emission norms will usher in high demand in the next two years before the pricing changes on account of the new standard settle in with the customers. Your company has commenced its actions to be a part of this change with appropriate product and solutions for customers.

Internal Financial Control System:

The internal financial controls followed by the Company are considered adequate and operating effectively. The internal audit of the Company is entrusted to M/s. Gopalaiyer & Subramanian, Chartered Accountants.

Financial Performance:

The prudent Management of working capital, treasury operations backed by planned capital expenditure is expected to support better performance in the current year.

Human Resources and Industrial Relations:

During the year under review, the industrial relations in the Company were cordial. The average number of employees of the Company was 400 during the year.