

ZF STEERING GEAR (INDIA) LIMITED
Regd. Office: Village Vadubudruk, Tal: Shirur, Dist. Pune 412 216

CHAIRMAN'S SPEECH

(at the 33rd Annual General Meeting of the Company held on July 30, 2013)

Dear Members,

I have great pleasure in welcoming you all, at the 33rd Annual General Meeting of our Company. I would like to thank you all, for your presence here today, and I appreciate your interest in the Company.

The Company's Annual Report for the year 2012-13 has already been circulated to you. With your kind permission, I would like to take it as read.

Financial Results of the Company for the year 2012-13

Throughout the financial year, demand was weak in Automobile sector. As informed in the Directors' report, while the overall Commercial Vehicles segment witnessed negative growth of 2 %, Medium & Heavy Commercial Vehicles witnessed negative growth of as high as 23 %, in 2012-13. The higher fuel prices, higher interest-rates and monsoon deficiency affected the sales of automobiles and thereby auto-components. In view thereof, top line as well as bottom-line of the financial results of your Company showed declining-trend.

The results include the impact of full-year operation, for the first-time, of your Company's 5 MW Solar-Power Project in Gujarat. (The Project was installed only in later part of the financial year 2011-12.)

The Board is glad to recommend a Dividend of Rs. 8 per share for the year.

Economic Scenario and the Road Ahead

The overall economic scenario is not expected to improve much in the near future and we see another tough year ahead. Due to a slow reform process, investment in infrastructure projects is lackluster, which adversely affects demand for Commercial Vehicles. High Inflation, increased current account deficit and measures taken by the Reserve Bank of India (RBI) to support/stabilize the rupee have further vitiated the market-sentiment and resulted in economic uncertainty.

Although the numbers of Q1 ie. April to June 2013 do not look that alarming, but Q2 is expected to be very tough and challenging, as far as automotive is concerned, and in particular Medium & Heavy Commercial Vehicles segment. This sentiment has already been expressed by some auto-majors and auto-component companies. Turn-around, hopefully, is expected to be late into the second half of the financial year. However, the mid and long-term prospects of the Indian market are bright.

Renewable energy with the support of government policies/ initiative is still at an early stage and gaining momentum in India. Your Company sees good potential here and has plans to further expand in this area.

First Quarter (Q1) of the Current-year

Your Company's Sales figures are as under:

(Quantity in Numbers)

Particulars	April to June 13	April to June 12	Jan to March 13
Power Steering Gears – CV/ MU / BUS	50,672	47,075	43,429
Rack & Pinion Power Steering Gear – Passenger Cars	2,364	4,635	4,917
Mechanical Steering Gear - Tractors	44,600	34,346	41,323

Acknowledgements

With these words, I would like to take this opportunity to thank the government authorities, shareholders, bankers, suppliers and customers for their consistent and resolute support.

I thank all my colleagues on the Board for their solid support and encouragement.

Finally, I would like to specially acknowledge the commitment and dedication of all the employees of your Company.

Thank you

July 30, 2013

Dinesh Munot
Chairman & Managing Director