



ZF STEERING GEAR (INDIA) LIMITED
Regd. Office: Village Vadubudruk, Tal: Shirur, Dist. Pune 412216

CHAIRMAN'S SPEECH

(at the 28th Annual General Meeting of the Company held on July 30, 2008)

Dear Members

A very warm welcome to all of you, at the 28th Annual General Meeting of our Company. Thank you all for being here.

Let me take this opportunity to welcome our new Director, Mr. M L Rathi. Mr Rathi is an industrialist and has many laurels to his credit.

The Company's Annual Report and Accounts have already been circulated to you. With your permission, I would like to take them as read.

Financial Results for 2007-08

I am happy to announce that in the face of some tough challenges like competition from cheaper Chinese competition and spike in raw material prices etc., ZF India managed to maintain both, the top line as well as the bottom-line.

Looking Ahead

The level of industrial activity has begun to decline as a result of fiscal constraints imposed on money supply and the raising of interest rates. The year ahead will be a year of major challenges. Higher fuel prices will negatively impact both commercial vehicles and passenger car sales. There will be an enormous and unprecedented increase in material costs in steel, forgings, castings and the like, and there will be the impact of tighter money supply with higher interest rates.

First Quarter (Q1) of the Current-year

For your information, in the first quarter of the current fiscal, we have sold 32,127 Power Steering Gears, compared to 29,317 in the corresponding quarter of the previous year. We have also registered a sale of 2,300 nos. Rack & Pinion Power Steering for Passenger Cars, which was

negligible in the quarter ended June 2007. 21,454 Mechanical Steering Gears have been dispatched in the first quarter compared to 16,343 in the Q1 of 2007-08.

Acknowledgements

I thank all my colleagues on the Board for their continued support and guidance.

I also thank the employees, customers, vendors, business associates, bankers and the Government of India and State Governments for their continued support to the Company and its management..

Thank you.

July 30, 2008

A.H. Firodia
Chairman