



ZF STEERING GEAR (INDIA) LIMITED

Regd. Office: Village Vadubudruk, Tal: Shirur, Dist. Pune 412 216

CHAIRMAN'S SPEECH

(at the 29th Annual General Meeting of the Company held on July 29, 2009)

Dear Members

It gives me great pleasure to welcome you all to the 29th Annual General Meeting of our Company. I would like to thank you all, for your presence here today, and I appreciate your keen interest in the Company.

Let me take this opportunity to welcome our new Directors, Mr. Klaus Traeder, Mr. Shridhar Kalmadi and Mr. B. S. Iyer.

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 2008-09

The year, that has passed by, was a year of moderation and correction. The world economy reeled under severe recession. There was an atmosphere of pessimism and uncertainty all around. Business and Corporations, the world over, were in the mode of survival and recovery rather than expansion and growth. Indian automotive industry was no exception. The sale of Medium and Heavy commercial vehicles fell by 33%. I am happy to state that, and I think you all will agree, despite this turbulent time, your Company has done reasonably well.

While these tough times may be painful and difficult - it also gives opportunities for companies to work harder on internal systems, processes to make the organization more efficient and vibrant. Your Company too, during this time, has worked on its systems, enhanced dealer-network and shed some excess.

Looking Ahead

It is widely expected that India and China will lead the world out of its current deflation – but even if it is so – it will take time for the global economy to turn around

I view the outlook for the commercial vehicles in current year with cautious optimism. First four months of this financial year indicate to me that very moderate growth has emerged, as far as medium and heavy commercial vehicles are concerned. Passenger cars and multi-utility vehicles, on other hand, seem to be on a better footing. And Tractors have recorded impressive growth. Things are looking better than what they were 6-8 months back. Indian Government's thrust on infrastructure-development, if supported by good monsoon, should boost the overall sentiment in the economy and for the automotive industry.

First Quarter (Q1) of the Current-year

For your information, in the first quarter of the current fiscal, we have sold 21,464 Power Steering Gears, compared to 14,466 in the preceding quarter i.e. January to March 2009 quarter. We have also registered a sale of 3,700 nos. Rack & Pinion Power Steering for Passenger Cars in June 2009 quarter, which was 8,475 in the quarter ended March 2009. In June quarter 27,539 Mechanical Steering Gears have been dispatched, compared to 15,363 in the March quarter. These figures do look encouraging while compared quarter-on-quarter, but keep in mind, they are 33 % lower while compared with April to June 2008 quarter.

Acknowledgements

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

On behalf of the Board and on my own behalf, I place on record my sincere appreciation and gratitude to our 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 29, 2009

A.H. Firodia
Chairman

