



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

CHAIRMAN'S SPEECH

(at the 34th Annual General Meeting of the Company held on July 30, 2014)

Dear Members,

I have great pleasure in welcoming you all, at the 34th 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 2013-14 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 2013-14

The Indian economy has faced significant challenges in recent years. The challenging business environment and moderation in economic growth witnessed in fiscal 2013 continued into fiscal 2014. Manufacturing and industrial growth remained weak. Your Company too, had a challenging year marked by slow growth, persistent inflation, currency volatility and high interest rates. However, improving fundamentals, especially towards the end of fiscal 2014, have restored stability in the markets. Your Company has fared satisfactorily, despite its share of challenges. Our strategy of diversifying business-mix, has helped.

The Board is glad to recommend a Dividend of Rs. 7 per share for the year.

Joint Venture (JV)

I would be failing in my duty if I do not apprise you about the progress of the Joint Venture – **ZF Lenksysteme India Private Limited**, where your Company has so far invested Rs. 55.77 crore (Rs. 557.7 million) and will be investing further Rs. 17.68 crore (176.8 million) in the current financial year.

I would like to inform you that the JV Company has started manufacturing and supplying Electronic Power Steering Column type (EPSC) for passenger cars.

You must have read in the 'Directors' Report' that the JV Company has unaudited turnover of Rs. 18.4 crore (Rs. 184 million) and has recorded a loss of Rs. 47.9 crore (Rs. 479 million) for the financial year 2013-14. Our JV Partner – **ZF Lenksysteme, GmbH**, Germany, being a major stake-holder (74%) in the JV Company and in the management there, are making all out efforts to achieve their long-term objectives in India.

Economic Scenario and the Road Ahead

With the formation of the new government at the centre, there is a sense of optimism in the air. We expect speedy implementation of economic reforms for revival of the Indian Economy and improvement in

overall sentiment. We look forward to implementation of growth-oriented policies particularly in the areas of Infrastructure and Manufacturing sectors. This in turn will help the automotive sector to post positive growth rate.

IMF (International Monetary Fund), has very recently retained India's growth forecast/ target of 5.4% for 2014-15 and 6.4% for 2015-16, while cutting down growth forecasts of all other advanced/ emerging economies. Your Company continues to be optimistic on medium and long term prospects of the Company.

Your Company sees good opportunities in the Renewable Energy Sector too, and will look at further opportunities of investment there at appropriate time.

First Quarter (Q1) of the Current-year

Your Company's Sales figures are as under:

(Quantity in Numbers)

Particulars	April to June 14	April to June 13	Jan to March 14
Power Steering Gears – CV/ MU / BUS	50,618	50,672	47,928
Rack & Pinion Power Steering Gear – Cars	627	2,364	116
Mechanical Steering Gear- Tractors	37,315	44,600	43,335

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, 2014

Dinesh Munot
Chairman & Managing Director