



WHEELS INDIA LIMITED

Ladies and Gentlemen,

I welcome you all to the 55th Annual General Meeting of your Company. The Annual Report and the audited accounts for the year ended 31st March, 2014 have been with you for some time now and with your permission, I shall take them as read.

In the financial year ended March, 2014, Indian economy grew at 4.7% only. The growth in core sectors that provide key inputs to the industrial sector was sluggish at around 2.5%, affecting demand for goods transportation. Further, reduction in subsidy for diesel affected cost of operations of trucks and also the diesel light vehicles. This reflected in a drop of nearly 25% in medium and heavy commercial vehicles production and for the first time in many years, a drop in production of passenger cars, utility vehicles by 6%. This adversely affected the automotive wheel business of your Company.

In recent months, we see some signs of improvement in medium and heavy commercial vehicles with corresponding increase in demand for wheels from us. It is expected that with improvements in infrastructure spending and manufacturing activity towards end of this financial year 14-15, we may see some improvement in the commercial vehicle segment. In the passenger car segment, demand for passenger car steel wheels for your Company is expected to be flat during the year 14-15.

In the passenger carrying commercial vehicles segment, viz. buses, the modernization of fleets by State Road Transport Undertakings did not proceed deferring the growth in our air suspension business by a year.

Strong growth in the agricultural output of the country, good support prices and shortage of farm labor resulted in strong growth of the agricultural tractor market and our derived demand for tractor wheels. In the current year, with below average monsoons thus far, we expect a muted growth in the tractor segment.

The reduced economic activity in India and China last year affected the demand for construction equipment, resulting in a decline in your Company's sale for construction equipment wheels. The lower commodity prices especially of coal and iron ore and the restrictions on mining in India severely affected the demand for your Company's mining equipment wheels. Your Company is seeing a moderate recovery in the global construction equipment market this year, while the market for mining equipment is likely to continue to be subdued.

There is a slow down in execution of thermal power projects resulting in lower sales of steel fabricated structures for thermal power plants, while your Company improved its sales of fabricated and machined steel structures for wind turbines. It is expected that in the current year there will be improvement in both fabricated structures for power plants and wind turbines.