

WHEELS INDIA LIMITED

CHAIRMAN'S SPEECH



Speech delivered by
Shri **S. Ram**, Chairman
at the
54th Annual General Meeting
of the Company, held on
13th August 2013, at Chennai



WHEELS INDIA LIMITED

Ladies and Gentlemen,

I welcome you all to the 54th Annual General Meeting of your Company. The Annual Report and the audited accounts for the year ended 31st March, 2013 have been with you for some time now and with your permission, I shall take them as read.

The GDP growth in the last financial year dropped to 5%, the lowest level in the last decade. Index of Industrial Production in the economy dropped down to 1.3% from previous year's 3%. Capital goods industry saw a negative growth of nearly 6% with delays in infrastructure projects. The goods segment of road transport relies for major part of its revenue on manufacturing and infrastructure development. Therefore, your Company saw a fall in demand for its medium and heavy commercial vehicle wheels in the financial year under review by nearly 30%. Due to delayed monsoon in the last financial year, truck purchases remained muted and the Indian domestic market did not show growth. The global economy was slowing down with a drop in industrial production in the Western world, and more importantly in China. This affected the market for mining equipment and demand for our wheels for mining and earthmoving equipment in the second half of the last financial year.

This adverse development in the global market resulted in current account deficit of 4.8% in the last financial year for India, resulting in volatility in the exchange rates.

Sales of your Company were Rs 1,890 crores in 2012-13, drop of about 7% from the previous year's Rs 2,020 crores. In spite of reduced production, energy cost of your Company increased by almost 10%, due to higher fuel prices for heating systems in paint plants and increase in tariff cost of power, besides having to resort to higher diesel generation to augment power supply to maintain our production. Profit before tax dropped from Rs 54.16 crores in 2011-12 to Rs 44.55 crores in 2012-13.

The export earnings of Rs 343.16 crores are higher than the previous year's earnings of Rs 320.29 crores. This was achieved in spite of a steep decline in the mining and construction equipment segment in the later part of the year.

In the current financial year, the medium and heavy commercial vehicles market has not improved, resulting in cut-back of production by major manufacturers of trucks and buses. There are no signs of recovery in the commercial vehicle market so far this year. The tractor market is seeing growth so far this financial year. Good spread of monsoon is expected to result in growth in the agricultural sector. We expect demand for tractor wheels will remain due to anticipated increase in production of food grains and cash crops.

In the Passenger car and Light Utility vehicles, there was a drop of 7% in the first quarter of the current financial year due to subdued sentiments of consumers so far. The monthly increases in diesel prices have shifted the car production more towards petrol cars than in the

previous year. However, there are no signs of recovery in the immediate horizon

In the Mining and Earthmoving equipment wheels, the reduced demand from second half year continues due to subdued mining activity world wide. While the government has planned purchases of a modernized fleet of buses under the JNNURM scheme this year, this is yet to start as yet. We are hoping that in the second half of this year, there may be demand for Air Suspension system from this segment. The recent policy clearance for power sector should push investments in power plant, which will help your Company's factory at Deoli manufacturing steel structural components for power sector in the later part of the year.

Consequent on Titan International Inc, US acquiring Titan Europe Plc, Titan Europe Plc made an open offer to the public shareholders of the Company and they have completed the open offer. Your Company is considering raising of equity within this financial year to augment long term funds and to comply with SEBI Regulations of 25% of public shareholding.

I wish to thank the Company's bankers for their continued support. I wish to convey my appreciation of the good work done by all the employees of the Company.

