

# WHEELS INDIA LIMITED

## CHAIRMAN'S SPEECH



Speech delivered by  
Shri **S. Ram**, Chairman  
at the  
**56th Annual General Meeting**  
of the Company, held on  
**13th August 2015, at Chennai**



## WHEELS INDIA LIMITED

Ladies and Gentlemen,

I welcome you all to the 56<sup>th</sup> Annual General Meeting of your Company. The Annual Report and the audited accounts for the year ended 31<sup>st</sup> March, 2015 have been with you for some time now and with your permission, I shall take them as read.

In the year 2014-15, the GDP growth based on the new series was 7.8% against last year's 7.4%. The improvement in manufacturing in the country over the last three quarters, saw the commercial vehicle industry climb out of the cyclical trough of the last few years. This improvement in sentiment in the CV market is likely to continue as replacement demand is driving the market. This may be sustained by increased activity in mining and road building towards the later part of the year. The growth of the CV segment is important for your company, as it is a significant segment.

There has been some growth in the passenger car segment especially amongst the industry leaders through introduction of new products. However, the increased fitment of aluminum wheels has limited the demand for steel wheels for light vehicles. There is a drop in the utility vehicle segment due to the poor rural market.

Sentiments in the agricultural sector and demand for tractors dropped with low level of government procurement and uncertainty over monsoon rains, in the year under review. This significantly

affected tractor production in the second half of last year. This year with better prospects for a monsoon, along with some improvement in support prices, there is likely to be a reversal in the downward trend and some marginal growth in the industry.

A combination of the slowing down of the Chinese economy, low crude prices and low commodity prices, has significantly and deeply affected the global mining industry. However, the government focus on increasing coal production should see some improvement in demand for mining trucks in India. The construction equipment industry showed some growth in the year under review with strong demand in the US and Japan. While the demand in the US remains strong, the demand in Japan has reduced. Further, with significant devaluation in the Yen, Euro and Real, there is intense competition in the market for construction equipment wheels in the international market.

In the last year, with a new government in place, there was a postponement of purchase of city buses with air suspension. In the current year, a new scheme for urban renewal has been launched, and we see demand for inter-city and smaller buses and suspension for these coming in the second half of the year.

The new government has brought a new focus on renewable energy and this has helped grow the market for windmills. This resulted in a significant growth in the sale of structures your company makes to windmill manufacturers. At the same time, the thermal power industry suffered in the last year due to delay in projects affecting the financials of the power equipment companies, to whom we supply structures.

The thermal power industry will require restructuring of debt for both the power and equipment companies with the help of the government before we can see a turnaround in the industry.

In the year 2014-15, your company was able to grow exports, in spite of adverse conditions in the international markets. In the coming financial year 2015-16, as explained in our Directors' Report, the market for our products globally has not improved and with further initiatives, we expect the export in the coming year will be maintained at the same level as the year under review.

The slowing of the Chinese economy has affected the demand for commodities lowering international material costs. This trend is likely to continue in the coming year, with input inflation under better control than in previous years.

Power availability has improved, reducing our use of diesel generating set. However, electricity boards have been increasing the tariff to industrial users to contain their losses. Your Company will be making efforts to increase use of wind power and other measures to control power and fuel cost.

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.



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This does not purport to be a record of the proceedings of the Annual General Meeting