

Chairman's Speech

Dear Shareholders,

I welcome you all to this 57th Annual General Meeting of your Company. Thank you for your kind presence here today.

Your Company is a premier supplier of quality products to the original equipment manufacturers (OEMs) and the Aftermarket. The Company's leading technology and innovation, manufacturing expertise, as well as marketing and distribution deliver superior products and brands with quality excellence at a competitive cost.

Your Company is focused on its sustainable global profitable growth strategy, creating value and satisfaction for its customers, shareholders and employees.

Industry Trend

Before I take up the Company's performance during the year 2011, let me first touch upon the industry scenario and the emerging market dynamics so that there is better evaluation of the performance and strategic pursuits of the Company.

With rising inflation, RBI started increasing the key policy rates, leading to a hike in interest rates on auto loans. It was a double blow for the auto industry as fuel prices, especially petrol, kept on rising throughout.

Auto Component industry is fully dependent on the auto industry. The last financial year was perceived as a challenging year for auto component manufacturers. Having cemented a strong growth over the last two years, the auto components industry has faced strong headwinds in 2011 due to soaring commodity prices, fuel costs and interest rates.

While the industry has made big strides over the last decade towards improving internal efficiency and thereby partially off-setting input cost pressures, efficiency gains alone have not been sufficient for players to use as a lever to contest cost headwinds. After a rough ride in 2011, the Indian auto industry is looking with optimism to the year 2012.

Company's Operations

Despite a very competitive and challenging environment, the overall performance of Company is promising. With appropriate strategies and their effective implementation, your Company is well on course to improve its performance.

Let me now take you through the highlights of our financial performance. The Net income of the Company during the year ended 31st December 2011 was Rs. 11,691.37 million as against Rs. 9,518.74 million for the year ended 31st December 2010. During the year under review, the Company made a Net Profit after Tax of Rs. 374.61 million as against the Net Profit after Tax of Rs. 343.89 million in the last year.

We believe that the actions of the Company are suitable and deal with the business challenges as we see them today; but flexibility in this uncertain economy is crucial.

Your Company has been continuously focusing on all round cost reduction in different areas of operations to achieve savings and gains that has significantly contributed to the above performance.

Continued focus on providing the high quality, world class products, flexibility and Agility are perceived as the mantras of your Company to win in a competitive environment.

Outlook

Despite the somewhat unstable economic conditions, your Company is optimistic about the business prospects and about its capabilities to leverage them for the benefit of your Company.

As we look to the future, we believe that we will be operating in a demanding and challenging environment. To remain competitive in the challenging and demanding environment, the benchmark has to be high in anticipation of the stated and unstated need of the customers and markets.

Your company will continue to build on its strengths through strong systems and processes, competitiveness, Global brand, ability to adapt to changes quickly and Customer Engagement. Your Company's ability to work with partners helps in strengthening the relationship with its customers to ensure the opportunity to collaborate on future projects.

The overall trend is encouraging, but remaining competitive in this competitive environment would be a tough challenge. I believe however, that the combination of low manufacturing costs along with quality systems has positioned our Company well in terms of pricing and quality. Knowledge, specialization, innovation and networking will determine the success of the Company in this environment.

Business Prospects

The Indian auto component industry is one of India's strongest sectors with tremendous growth prospects. This industry is a crucial segment of the economy and has potential to develop as one of the major players in the world. In spite of the tough market conditions, the prospects of India's Auto Industry are bright. I believe our upbeat initiatives and balanced implementation of our strategy will allow us to continue to grow the Company. The overall strategy of your Company will be driven by its strengths and competencies.

I am expecting a stronger year ahead. The Company will endeavor to rejuvenate in near future as vehicle demand increases. The overall strategy of your Company will be driven by its strengths and competencies.

Acknowledgement

Before I close my address today, I take this opportunity to convey our appreciation to our stakeholders – customers for reposing their faith in us, employees whom we recognize as our core asset for their enthusiasm, unstinted devotion, Co- operation and commitment towards the quest of excellence, our Members of the Board for their valuable guidance and continuous support; management team for efficiently steering the company's resources and you, our shareholders for your continued support to the endeavors of the company.

I would like to end by mentioning that determination, trust, action and solidarity will be our tools to accomplish our objective. We have all, but all that is needed is their further implementation in the face of challenges and the triumph, am sure, will be ours.

Thank you all for your presence.

K.N. Subramaniam
Chairman

Note: This does not purport to be a report on the proceedings of the Annual General Meeting