

**WABCO**

**Chairman's Speech**

**WABCO INDIA LIMITED**

**Speech delivered by the Chairman of the meeting  
at the Eighth Annual General Meeting of  
WABCO INDIA LIMITED held on  
25<sup>th</sup> July 2012**

**Ladies and Gentlemen**

I have great pleasure in welcoming you all to this eighth annual general meeting of your company. The directors' report and the audited results of the company for the year ended 31<sup>st</sup> March 2012 are with you. I am happy to brief you on the progress made by your company during the year under review.

**ECONOMIC AND INDUSTRY REVIEW**

India's GDP in real terms for the full year 2011-12 stood at 6.5% as against 8.4% in 2010-11. This is the lowest in the past nine years, mainly due to lower economic growth during the year. There was an all round decline in the growth of all the sectors as given below:-

(in %)

Sector	2011-12	2010-11
Agriculture	2.8	7.0
Industry	3.4	7.2
Services	8.9	9.3

Source: CMIE

The Index of Industrial Production (IIP) registered a negative growth of 3.5% in March 2012 as compared with March 2011.

As per CMIE estimates, real GDP growth is expected to be at 7.3% in 2012-13. The recovery in 2012-13 would be mainly driven by the industrial sector which is expected to grow by 6.3% compared to 3.4% in 2011-12. Agriculture sector is expected to grow at 2.4% as compared to 2.8% in 2011-12 and the growth in Services sector is expected to be at 9% compared to 8.9% in 2011-12.

The commercial vehicle industry registered a growth of 19% in 2011-12 over the previous year. The sales volume in the Medium and Heavy Commercial Vehicle (MHCV) grew by 7% over 2010-11. The sales volume in the Light Commercial Vehicle registered a growth of 29% during the same period. The first quarter of 2012-13 has shown a steep decrease of 13% in the production of commercial vehicles fitted with air brakes compared to the corresponding period in 2011-12.

**PERFORMANCE**

The company has four manufacturing plants at Chennai (Ambattur), Jamshedpur, Pantnagar and at Mahindra World City SEZ near Chennai. The company has 1,161 employees. With these infrastructure and facilities, the company during the year under review achieved a turnover of Rs 1,057 crores as against Rs 898 crores in 2010-11, registering an increase of 17.7%. The company has outperformed MHCV market growth in OE through increased content per vehicle

and increased market share. The company also benefited by marginal increase in sales of spares and significantly higher exports sales. In the spares segment, sales increased from Rs 139 crores to Rs 145 crores and in the export segment, sales grew from Rs 115 crores to Rs 148 crores.

The profit after tax stood at Rs 153 crores in 2011-12 as against Rs 127 crores in 2010-11 registering an increase of 20.4 %. The earnings per share on a face value of Rs 5/- per share improved from Rs 67.18 in 2010-11 to Rs 80.87 in 2011-12.

During the year WABCO continued to make a significant contribution to technology and business operations. Across the globe, WABCO continued to outperform the market in every region, fully leveraging the industry's recovery. In 2011, WABCO increased its global sales by 22% percent to \$ 2.8 billion in local currencies. WABCO continued to successfully implement its core strategies of technology leadership, globalisation and excellence in execution.

## **DIVIDEND**

The board of directors have recommended a dividend of Rs 5 per share (100%) for the year ended 31<sup>st</sup> March 2012, same as in 2010-11.

## **NEW PRODUCT DEVELOPMENT**

The company continued its focus on introduction of new products to Indian OEMs during the year 2011-12. The following new products/ systems were introduced in series production:

- Localization of 318 cc Compressor and variants for OEM's like TATA Cummins, Daimler India Commercial Vehicles;
- Complete brake system aggregates for Daimler India Heavy and Light Duty Trucks;
- Brake system aggregates for Kamaz Vectra vehicles;
- Started pilot production of Automated Manual Transmission (AMT) for Ashok Leyland;
- Hand Brake Valve with self return feature for improved parking brake performance;
- Electronic Brake System (EBS) and Electronically Controlled Air Suspension to TATA Motors for their export buses to Spain;
- The company is in the process of implementing in series production of higher capacity air compressors for Heavy Duty Engine Program (HDEP) of Volvo;
- The company is also commencing series production of Brake Chambers for North American OEM's – Daimler Trucks North America (DTNA)

The company is continuing to expand its strength in Product Development to design and develop products for global markets.

## **TEI & TPM**

The company continued to maintain 100% participation in Total Employee Involvement (TEI) activities for the 13th year in succession. Employees have completed more than 208 projects by applying statistical tools through QC circles in 2011-12. The company continued to maintain the average number of suggestions implemented per employee at 61 during 2011-12 as in 2010-11. This is close to international benchmark.

The company continued its thrust on Total Quality Management (TQM) for enhancing customer satisfaction. Total Productive Maintenance (TPM) and Lean manufacturing concepts are being implemented to improve productivity leading to better business results.

## **AWARDS**

During the year, the company has won the following awards from customers:-

- “Outstanding support through co-location” award from Ashok Leyland;
- “Best efforts in value engineering and cost reduction” award from MAN;
- “Long Association” award from Asia Motor Works Limited;

The company has also obtained “Excellence in Cost Management Award” from the Institute of Cost Accountants of India for the second year in succession.

In addition to the above, the company has also received awards from Quality Circle Federation of India, apart from Automotive Component Manufacturers Association of India (ACMA) and National Convention on Quality Concept Circles (NCQCC).

## **OUTLOOK FOR THE CURRENT YEAR**

For the quarter ended 30<sup>th</sup> June 2012, the company reported a sales and other operating income of Rs 249.29 Crores as against Rs 243.81crores in the previous financial year. The profit after tax stood at Rs 41.83 Crores for the quarter ended 30th June 2012 compared with Rs 34.14 crores in the previous financial year.

The production of commercial vehicles with air brakes registered an increase by 9% during the last quarter of the financial year 2011-12. However there is a steep decrease of 13% in air brake vehicle production in the first quarter of 2012-13. This is due to adverse economic conditions and inflation continuing at high level. The lean demand for commercial vehicles is expected to continue.

## **ACKNOWLEDGEMENT**

The board of directors thank the shareholders for the trust and confidence reposed in the company. I would like to thank the promoter Messrs. Clayton Dewandre Holdings Limited, an indirect subsidiary of WABCO Holdings Inc., for their continued support to the business. I would also like to thank our customers, suppliers and State Bank of India, banker to the company, for their continued co-operation and support.

All the employees of the company deserve special appreciation for their continued commitment to the company in maintaining a good performance during the year. I would like to thank the Governments of Tamil Nadu, Jharkhand and Uttarakhand for all the support in our operations.

Thank you.