

**WABCO**

**Chairman's Speech**

**WABCO INDIA LIMITED**

**Speech delivered by the Chairman of the meeting  
at the Ninth Annual General Meeting of  
WABCO INDIA LIMITED held on  
24<sup>th</sup> July 2013.**

**Ladies and Gentlemen**

I have great pleasure in welcoming you all to this ninth 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 2013 are with you. I would like to brief you on the progress made by your company during the year under review.

**ECONOMIC AND INDUSTRY REVIEW**

India's GDP growth in real terms for the full year 2012-13 stood at 5% as against 6.2% in 2011-12. This was the lowest growth in GDP witnessed in the last one decade. There was an all round decline in the growth of all the sectors – Agriculture declined from 3.6% to 1.7%, Industry from 3.5% to 2.4% and services declined from 8.2% to 6.9%.

The Index of Industrial Production (IIP) registered a cumulative growth of 1% in 2012-13 as compared to 2.9 % growth during corresponding period of the previous year.

The commercial vehicle industry declined by 3% in 2012-13 compared to the previous year with the sales volume in the Medium and Heavy Commercial Vehicle (MHCV) dropping by 24%.

**PERFORMANCE**

In the above background, your company's turnover for the year under review was Rs 978 crores as against Rs 1,057 crores in 2011-12, a decrease of 7.5%. As you are aware the company had four plants (viz., Chennai (Ambattur), Jamshedpur, Pantnagar and Plant – 1 at Mahindra World City SEZ near Chennai) during the year 2011-12. I am glad to share with you that two new plants viz., Plant -2 at Mahindra World City SEZ near Chennai and Barabanki near Lucknow were added during the year 2012-13. The sales in the OE segment was lower by 23.6% compared to 2011-12. The company outperformed M&HCV market growth in OE through increased content per vehicle and increased market share. The company also benefited by the good increase in sales of spares and significantly higher exports sales to the parent company WABCO. In the spares segment, sales increased from Rs 145 crores to Rs 169 crores (an increase of 16.6%) and in the export segment, sales grew from Rs 148 crores to Rs 199 crores (an increase of 34.4%).

The profit after tax stood at Rs 130 crores in 2012-13 as against Rs 153 crores in 2011-12 registering a fall of 15 %. The earnings per share declined to Rs 68.95 in 2012-13 from Rs 80.87 in 2011-12.

At the global level WABCO continued to make a significant contribution to technology and business operations. During 2012, WABCO outperformed the global market, achieving sales of \$2.5 billion.

WABCO continued to successfully implement its core strategies of technology leadership, globalisation and excellence in execution.

## **DIVIDEND**

Despite the fall in profits, the board of directors has recommended maintaining the dividend of Rs 5 per share (100%) for the year ended 31<sup>st</sup> March 2013.

## **NEW PRODUCT DEVELOPMENT**

The company continued its focus on introduction of new products to Indian OEMs during the year 2012-13. I am giving below some of them for your reference:

- Adjusting valve ;
- Exhaust Brake Assembly ( EBA) for a different vehicle platform ;
- New Clutch Servo variants ;
- Automated Manual Transmission (AMT) ;
- Different series of Brake Chambers
- Variants in Compressors

The company continues to strengthen its Product Development to design and develop products for global markets.

## **INITIATIVES TOWARDS MANUFACTURING EXCELLENCE**

As regards employee involvement, the company has maintained 100% participation in Total Employee Involvement (TEI) activities since its inception. Employees have completed more than 222 projects by applying statistical tools through QC circles in 2012-13. During 2012-13, the average number of suggestions implemented per employee stood at 61, which is close to the international benchmark.

Needless to say, 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**

I am happy to share with you that during the year, the company has won the following awards:-

- “Best kaizen” award and “Outstanding support through Co-location” from Ashok Leyland Limited;
- “Safety Appreciation Award” from National Safety Council, Tamilnadu Chapter
- “Best efforts in value engineering and cost reduction” award from MAN;
- “Outstanding contribution to new product development award” from VECV
- “Best Poke Yoke” - Certificate of Appreciation from Mahindra & Mahindra
- EHS Excellence award from CII

## **OUTLOOK FOR THE CURRENT YEAR**

The economic outlook in terms of GDP for the year 2013-14 is expected to be in the range of 5.7 - 6.9% as estimated by various rating agencies and government bodies. CMIE has estimated the real GDP growth at 6.3% in 2013-14; the recovery in 2013-14 would be mainly driven by the industrial sector which is expected to grow by 4.2% compared to 2.1% in 2012-13. Agriculture sector is expected to grow at 2.3% as compared to 1.9% in 2012-13 and the growth in Services sector is expected to be at 8% compared to 7.1% in 2012-13.

The production of commercial vehicles with air brakes fell steeply by 34% during the last quarter of the financial year 2012-13 compared to the corresponding quarter in the previous year. Further, there is a drop of 10% in air brake vehicle production in the first quarter of 2013-14. This is due to continuing adverse economic conditions and inflation. The demand for commercial vehicles is expected to continue at the same level.

For the quarter ended 30<sup>th</sup> June 2013, the company reported a sales and other operating income of Rs 262.81 Crores as against Rs 249.29 crores for the corresponding quarter in the previous financial year. The profit after tax stood at Rs 35.38 Crores for the quarter ended 30<sup>th</sup> June 2013 compared to Rs 41.83 crores for the corresponding quarter in the previous financial year.

## **CHANGE IN HOLDING COMPANY**

Pursuant to an internal re-structuring, M/s. Clayton Dewandre Holdings Limited, Rotterdam, Netherlands, transferred its entire share holding in the company to its wholly owned subsidiary, WABCO Asia Private Limited, Singapore on 27<sup>th</sup> June 2013. Consequently, WABCO India Limited became a subsidiary of WABCO Asia Private Limited with effect from 27<sup>th</sup> June 2013. I would like to thank the erstwhile promoter M/s. Clayton Dewandre Holdings Limited for their continued support to the business.

## **ACKNOWLEDGEMENT**

The board of directors thank the shareholders for the trust and confidence reposed in the company. I would also like to thank your company's customers, suppliers and State Bank of India, banker to the company, for their continued co-operation and support.

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

**Thank you.**