

**40th ANNUAL GENERAL MEETING
15th September 2009**

CHAIRMAN'S SPEECH

Dear Shareholders,

It gives me great pleasure to welcome you to the 40th Annual General Meeting of your Company.

I thank you for having spared your valuable time and made it convenient to attend.

The Annual Report containing the Directors' Report and the Audited Accounts for the year ended 31st March 2009 has been with you for some time and, with your permission, I take them as read.

Before speaking on Company specific highlights, I will briefly comment on the Economic and Industrial scenario during the financial year 2008-09.

ECONOMIC SCENARIO

The year 2008-09 was a challenging year for the world including India. The sub-prime crisis that erupted in the US and Western Europe impacted the global financial system, resulting in a significant cut-back in investment flows and the availability of funds.

India, too, has been impacted by these events, though not as severely as the developed countries. Industrial growth has been falling for more than a year and GDP growth in 2008-09 has reduced to 6.7% from 9.1% in 2007-08. Since global trade has dropped drastically, exports are badly affected. There is uncertainty and volatility in markets and not much clarity on when economic growth will pick up.

Higher input costs have hit everyone across the board. Steel prices rose by over 74% based on 2007 prices and have now settled at an increase of 33% over 2007 prices. The US\$ rose by 23% from Rs. 39.98 in April 2008, to Rs. 49 in April 2009. The cost of and access to funds for both consumers and corporate was another major issue.

INDUSTRY SCENARIO

According to the World Steel Association (WSA), the global steel industry is showing early signs of recovery from the economic crisis since in June 2009. Almost all countries have started seeing slight improvement in crude steel production compared to the previous nine months. There has been a rise in demand from steel producers in Japan, Russia, Turkey, India and other major steel-making countries.

In July, almost all the major steel-producing countries – including China, Japan, Germany, the US, Brazil, Turkey, Russia and Ukraine – showed their highest monthly figures so far this year.

With demand likely to pick up in the automobile and infrastructure sector in India, steel manufacturers have increased prices of their products by Rs 500 to Rs1,000 a tonne.

FINANCIAL PERFORMANCE

I would like to briefly mention about the key aspects of your Company's performance during the financial year 2008-09.

- Operating Income decreased 13% from Rs. 17399.14 Lacs in 2007-08 to Rs. 15,109.66 Lacs in 2008-09.
- EBITDA declined 46% from Rs 3607.01 Lacs in 2007-08 to Rs. 1939.98 Lacs in 2008-09.
- Profit before Tax (PBT) declined by 82% from Rs 2403.99 Lacs in 2007-08 to Rs 432.47 Lacs in 2008-09.
- Profit after Tax (PAT) declined by 83% from Rs 1511.09 Lacs in 2007-08 to Rs 256.54 Lacs in 2008-09.

CURRENT YEAR PERFORMANCE

Let me now share with you the performance of your Company during the current financial year.

During the first five months of the current financial year, your company achieved production of 3176 MT as against 4871 MT during the corresponding period last year.

The production could have been higher had it not been affected by "AILA" cyclone and holiday on account of Bye-elections.

The Operating Profit was Rs. 55.74 Lacs during the first quarter of the current financial year as against Rs. 322.57 Lacs during the corresponding quarter of the previous year. However, the performance of the company has improved compared to loss of Rs 160.91 Lacs incurred during the previous quarter ended 31st March, 2009.

This encouraging result is largely due to the successful cost control drive that reduced the breakeven point of the Company and substantially improved the operating margin. In effect, the lower cost structure we achieved last year improved further in Q1 enabling the Company to produce higher profits even though the top line actually declined in the poor and recessionary business environment.

LOOKING AHEAD

Regarding the business outlook for the rest of the year, economic forecasts generally indicate that the worst is behind us. A moderate revival of GDP growth in India is expected later this year, but there is considerable uncertainty on exactly when growth will begin and how quickly it will pick up.

The Company has already taken effective steps to get through the slowdown without serious deterioration of financial performance. And it is only a matter of time before growth picks up.

HUMAN RESOURCE

I must emphasise that the greatest strength of GPI has been its people and their spirit in overcoming challenges. With a view to enhance the operational efficiency of the employees at all levels, management initiative programmes such as Six Sigma, Total Productive Maintenance (TPM), Activity Based Costing, Just – In – Time (JIT), Performance Management System (PMS) have been integrated with the Human Resource Development policies of the Company.

These initiatives inculcate a sense of dedication towards the Company and thereby create value for stakeholders. Every aspect of the Company's activities is analysed by competence, motivation and general effectiveness of its human resources.

CORPORATE GOVERNANCE

Your Company has complied with the guidelines on Corporate Governance. Your Company's Corporate Governance Philosophy is based on imbibing best practices in the area with emphasis on ensuring transparency and accountability. Risk identification and mitigation exercises are constantly reviewed and implemented.

ACKNOWLEDGEMENT

I feel privileged to thank every stakeholder of the Company - investors, customers, financial institutions, banks, suppliers, the Government and our employees who play a vital role in our success. Without their support and tireless efforts we could not be where we are today. We are grateful to each one of them for being with us and sharing in the making of the Company's future. I also thank my colleagues on the Board for the major role they played in charting a successful course for the Company.

Above all, thanks are due to you, our shareholders for your continued support and encouragement.

Thank you