

41st ANNUAL GENERAL MEETING

25th August, 2010

CHAIRMAN'S SPEECH

Dear Shareholders,

It is with immense pleasure, I extend a warm welcome to all of you to the 41st 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 2010 has been with you for some time and, with your permission, I shall consider them as read.

Before I dwell upon the performance of the it is pertinent to present the environment in which your Company operated during the last fiscal.

ECONOMIC SCENARIO

The Indian economy has emerged relatively unscathed from the global crisis, having been insulated from it by the sound monetary and fiscal policies that have been pursued by the Reserve Bank of India and the Government. The economy recorded a higher growth rate of 7.4% as compared to 6.7% during the previous year which needs to be seen

against the backdrop of global financial uncertainty affecting the major economic blocks in the world economy, inspite of deficient rainfall and marginal growth in agricultural output. The outlook for Indian economy for the 2010-11 appears encouraging, with growth rate projected at over 8 percent, assuming a normal monsoon and higher Agricultural output. The continued buoyancy in Industrial output and Exports will help boost the growth momentum of the economy. The current year's projections indicate that the economy would grow at a robust 8.5%.

INDUSTRY SCENARIO

World Crude Steel production from January to June 2010 was 707 million MT, reflecting a growth of about 28% as compared to the same period last year. Europe, North America and Brazil recorded the highest growth. Situation in Europe continues to be uncertain with customers still being wary of the economic recovery.

India ranked as the fifth largest producer of crude steel in the world during January -November 2009 as per the report of World Steel Association. Steel production rose 4.2 per cent to reach 60 MT in 2009-2010, Domestic crude steel production grew at a compounded annual rate of 7.1 per cent during 2004-05 to 2008-09. The increase in production came on the back of capacity expansion, mainly in private-sector plants, and higher utilization rates.

India's steel consumption rose 8 per cent in the year ended March 2010, over the same period a year ago on account of improved demand from sectors like automobile, infrastructure and housing. The country's steel consumption increased to 56.3 MT in the 12 months to March 2010 from 52.3 MT in the previous year, as per the Ministry of Steel. Steel

consumption has risen 5-6 per cent in the first quarter and it is estimated to rise further in the current quarter. In the last two quarters of this financial year, it would increase to 8-10 per cent

FINANCIAL PERFORMANCE

I would like to briefly mention about the key aspects of your Company's performance during the financial year 2009-10.

- Operating Income decreased by 10% from Rs. 15,109.66 Lacs in 2008-09 to 13,518.07 Lacs in 2009-10.
- EBIDTA increased by 24% from Rs. 1939.98 Lacs in 2008-09 to 2413.79 Lacs in 2009-10.
- Profit before Tax (PBT) increased by 88% from Rs 432.47 Lacs in 2008-09 to Rs 811.81 Lacs in 2009-10.
- Profit after Tax (PAT) doubled from Rs 256.54 Lacs in 2008-09 to Rs 513.16 Lacs in 2009-10.

CURRENT YEAR PERFORMANCE

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

During the first four months of current financial year, your company has achieved production of 4157 MT as against 2465 MT during the corresponding period last year.

The Company reported a Operating Loss of Rs 1.17 Crores during the first quarter of the current financial year as against a profit Rs. 55.74 Lacs during the corresponding quarter of the previous year. In spite of achieving higher production the performance of the company was

affected mainly due to lower dispatch caused by embargo by the customers. Further, the company incurred a foreign exchange fluctuation loss of Rs 2.19 Crores.

LOOKING AHEAD

Regarding the business outlook for the rest of the year, economic forecasts generally indicate that India's economic growth prospects would improve significantly during 2010-11 as private consumption and investment takes hold. GDP growth in India is expected to be around 8.5% in 2010-11. Domestic steel demand is likely to grow at 8-10 per cent in the current financial year on the back of steady rise in demand from sectors like automobile and infrastructure.

With the current rate of ongoing greenfield and brownfield projects, the Ministry of Steel has projected that these growth trends are likely to be exceeded and it is envisaged that in the next five years demand will grow at higher annual average growth rate of over 10 per cent.

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.

AWARDS AND ACCREDITATIONS

During the year under review your company has received the following accreditations

- ISO 9001:2008 – conforming to the Quality Management System
- ISO 14001:2004 – conforming to the Environmental Management System
- OHSAS 18001:2007 – conforming to the Occupational Health and Safety Management System

Your Company also received Certificate of Excellence from Engineering Export Promotion Council, Eastern Region for its contribution for engineering exports.

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