

44th ANNUAL GENERAL MEETING

27th September 2013

CHAIRMAN'S SPEECH

Dear Shareholders,

It gives me great pleasure in welcoming you all to the 44th Annual General Meeting of your Company. The Annual Report for the year ended 31st March 2013 has been with for some time now so, with your permission, I shall take it as read.

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

ECONOMIC SCENARIO

The World Economy remained weak. According to the International Monetary Fund's April 2013 report, global output is estimated to have grown by only 3.2% in 2012 significantly lower than the 4% growth recorded in 2011. Such weak performance is largely attributable to the euro zone area sovereign debt crisis.

The fiscal 2012-13 had been a difficult year for the Indian economy. The economy of the country slowed down further and registered a GDP growth of 5% as compared to 6.2% in the previous fiscal, i.e. 2011-12. The slowdown in the pace of growth

is largely attributable to weakness in Industry which grew by only 3.1% during the year 2012-13. The manufacturing sector, which accounts for 55% of Industry, recorded a dismal 1.9% growth during the year. Other sectors of the economy i.e. agricultural and service sectors, also witnessed a slowdown.

INDUSTRY SCENARIO

World crude steel production reached 1,548 million tonnes in the year 2012, a marginal increase of 1.20% over 2011. The overhang of the economic crisis and significant overcapacity in regions like Europe and China continues to stress global capacity utilisation and the demand supply balance. Steel demand is expected to remain challenging due to slow growth in the automotive, construction and other consuming industries.

FINANCIAL PERFORMANCE

I would now like to highlight some key aspects of the year under review. The fiscal 2012-13 has been one of the toughest on your Company. The performance has been affected due to slowdown in steel sector growth and lower demand in the export market. Moreover, rising cost of raw materials, power and fuel and other consumables had a major impact on the liquidity position of your Company.

- Operating Loss before interest and depreciation was Rs. 740.60 Lacs as against Operating Profit before interest and depreciation of Rs 240.24 Lacs during the previous year.

- Net loss after providing for interest, depreciation and tax increased to Rs. 2308.83 Lacs as against Rs. 1944.52 Lacs during the previous year.
- Production decreased by 11 % from 9,260 MT in 2011-12 to 8241 MT in 2012-13.
- Sales decreased by 3.52 % from 8,907 MT in 2011-12 to 8593 MT in 2012-13.

CURRENT YEAR PERFORMANCE

- Production during the first 5 months of the current financial year is 4155 MT.
- Despatch during the first 5 months of the current financial year is 4256 MT.
- Exports during the first 5 months of the current financial year is 1058 MT.
- Order Book is healthy and order received during the first 5 months of the current financial year is 11425 MT.
- The total operating income for the quarter ended 30th June 2013 was Rs 3580.22 Lacs as against Rs. 3178.07 Lacs in the previous quarter ended 30th June 2012 representing a marginal increase.
- Operating Profit before interest, depreciation and exceptional items for the quarter ended 30th June 2013 was Rs. 308.99 Lacs as against Rs 53.87 Lacs in the quarter ended 30th June, 2012 .
- Achieved record production of 1015 MT in the month of August 2013. Life of the rolls manufactured by your Company substantially improved particularly in Compact Strip Mill (CSM).

LOOKING AHEAD

World Steel Association in short range outlook, has projected global demand to increase by 2.9% in 2013, bettering 1.2% growth seen in 2012, and then improve further to 3.2% in 2014. In India, it expects demand to sharply improve from 4.3% in 2012 to 5.9% in 2013 and then to 7.5% in 2014. Your Company is focusing more in the Export to increase its share in the overseas market.

The Indian economy is expected to have brighter prospects during the current fiscal, 2013-14. The Government of India is expecting a GDP growth of 6.1% to 6.7% during the current fiscal 2013-14.

Steel consumption in India grew just 3.3% to an annual 73.3 million tones in 2012-2013, at an average of about 60kg per capita against the global average of 215 kg. Consumption demand is expected to grow in the coming years with successful execution of Government's Five-Year planned mega infrastructural projects.

Your Company is exploring all possibilities to manufacture special rolls such as HSS rolls, Semi HSS rolls to cater the existing demand. Your Company has invited foreign consultants and experts in the field of roll making for upgradation of technology and further improvement of the life of the rolls.

Your Company is strategically well poised and geared up to take advantage of this growth.

HUMAN RESOURCE

I must emphasise that the greatest strength of your Company has been its people and their spirit in overcoming challenges. With a view to enhance the operational efficiency of the employees at all levels, various management initiative programmes 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.

I am also pleased to inform you that industrial relations at our unit have been cordial during the year under review and, on behalf of your Directors, I would like to acknowledge the co-operation and contribution of the entire workforce.

CORPORATE GOVERNANCE

Your Company has been complying with the requirements of Corporate Governance as stipulated in the Listing Agreements. The philosophy of the Company is to ensure transparency in its dealings and compliance of country's laws and regulations in order to promote ethical conduct of business.

AWARDS AND ACCREDITATIONS

During the year under review, your company continued to keep its focus on quality initiatives and participated in the Quality Circle Competitions. Your company was honoured with GOLD award at CCQC- 2012.

Your Company continues to have the following accreditations for its activities related to its operations

- 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.

ACKNOWLEDGEMENT

The road ahead is full of challenges but the company armed with the passion and the indomitable spirit of its employees is determined to overcome the same successfully as it has done in the past.

I feel privileged to thank every stakeholder of the Company - investors, customers, financial institutions, banks, suppliers, the Government and our employees for extending their assistance and co-operation to the Company. I would also like to thank my fellow Board Members for their unstinted support and guidance. I would like to take this opportunity to thank all our distinguished shareholders for their continued support and trust, which is our source of inspiration.

Thank you