

45TH ANNUAL GENERAL MEETING, 10TH SEPTEMBER, 2014

CHAIRMAN'S SPEECH

Dear Shareholders,

On behalf of the Board of Directors it gives me immense pleasure in addressing you all at the forty-fifth Annual General Meeting of your Company. The Notice together with Annual Report for the year ended 31st March 2014 are already with you and with your permission, I take them 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 AND INDUSTRY SCENARIO

In the fiscal year 2013-14, the global economy showed sign of recovery with growth in demand from the developed countries in the second half of the year. However, the growth in the second half of 2013-14 which strengthened to 3.7%.

India on the other hand grew at a sluggish growth rate with a GDP of 4.7% in the year 2013-14. Emerging market including India, had to face multiple challenges of rising current account deficit, depreciation of local currency, high interest rates and additional pressure due to cash outflows.

While global steel demand increased by 3.6% in 2013- 14, and demand in advanced countries is likely to improve further, China's demand growth has

been moderating. Moreover, the significant overcapacity in China continues to be a source of overhang.

Inflationary pressures and weak investment sentiments, however, continue to be a cause for concern in India. The Index of Industrial Production has remained depressed and the current account deficit has widened. Depreciation of the Indian Rupee has led to costly import bills and the current account deficit continues to remain high. Indian steel makers are also threatened due to steady decline in availability of iron ore from domestic sources.

FINANCIAL PERFORMANCE

Your Company faced tight liquidity position due to abnormal increase in cost of major raw materials (ferro alloys, nickel, nickel magnesium, steel scrap, niobium etc.), power and fuel and other consumables. High finance cost and repayment obligation to Bankers has further reduced the liquidity of your Company.

In spite of the above bottle-necks, on the operational front, your Company has made significant progress in the last year. I would now like to highlight some key aspects of the year under review:

- Achieved net revenue from sales Rs. 15,439.35 Lacs as against Rs. 12,405.51 Lacs in the previous year representing a substantial increase in revenue.
- Operating profit before interest and depreciation was Rs.1,172.64 Lacs as against loss of Rs.740.60 Lacs during the previous year.

- Net loss after providing for interest, depreciation and tax reduced to Rs. 1,538.38 Lacs as against Rs.2,308.83 Lacs during the previous year.
- During the year under review your Company achieved record production of 10679 MT as against 8241 MT in the year 2012-13. Consequently, sales increased to 10880 MT as against 9269 MT in the year 2012-13. The production achieved is the highest in the last two decades.

Your Company has restructured its debts through CDR Mechanism. Pursuant thereto, various measures aimed at restructuring and rationalizing the operations of your Company have been implemented. A Scheme of Amalgamation of Geetapuram Port Services Limited and its wholly owned subsidiary North East Natural Resources Private Limited with your Company had been approved by the Board of Directors of your Company for expansion, diversification into new business, strengthening the financials of your Company and enhancing stakeholder's value.

CURRENT YEAR PERFORMANCE

- The total operating income for the quarter ended 30th June 2014 was Rs.4175.50 Lacs as against Rs. 3,425.83 Lacs in the previous quarter ended 30th June 2013 representing a marginal increase of 22%.
- Operating profit before interest, depreciation and exceptional items for the quarter ended 30th June 2014 was Rs.10.55 Lacs as against Rs.308.99 Lacs in the quarter ended 30th June 2013.

- Production during the first 5 months of the current financial year is 4431 .89 MT which is lower mainly due to order load.
- Dispatch during the first 5 months of the current financial year is 4306.52 MT.
- Export during the first 5 months of the current financial year is 942.31 MT. Export growth is better than average of FY 2013-14.
- Order Book as on 31st August 2014 is 7154 MT. Order procured during the first 5 months of the current financial year is 5378 MT.
- Maximize order book with high contribution product mix. Thus your Company is focusing more on the product mix by replacing low contribution normal ICDP rolls with those of high contribution Hi-Chrome rolls, Special EC ICDP rolls, Plate Mill rolls.
- Undertaken companywide cost reduction project and achieved cost reduction to the tune of Rs. 59.68 Lacs in the month of June, July & August 2014.
- Energy Audit carried out periodically for reduction of consumption of energy. Further, audit of energy, audit by specialist of melting is being carried out to adopt benchmarking practices of induction melting.

LOOKING AHEAD

World crude steel production grew at 3.6% in 2013. Lower steel consumption growth in large emerging economies such as China and India were encountered by growth in mature markets such as the USA. However, disinflationary pressures and financial fragility continue to be a concern in the Euro zone. In light of the above, global steel demand is forecast to grow by 3.1% in 2014. Indian operations suffered from slow moving of GDP coupled with high inventory levels, thereby largely affecting the business growth.

The fiscal measures recently announced by Government of India are expected to boost economic activity and investor sentiment. Planned investment in infrastructure and Greenfield projects are likely to accelerate steel consumption. Steel industry has shown welcome signs of resilience in Asia and Africa, where growth levels have been better than the western economies. However, announcements are recent and your company is receiving enquiries which are yet to convert in confirmed orders.

Moreover, India's lumbering economy registered its fastest growth in two- and-a half years for the quarter ended June 2014. The gross domestic product (GDP) grew at 5.7% in June 2014 as compared with 4.7% in June 2013. The manufacturing activity grew at its quickest pace.

Keeping in pace with the growth rate of the manufacturing sector and to make judicious use of its existing facilities your company is exploring the possibility of development of new product lines viz: Sleeve Rolls, High chrome (Ni-Hard) Grinding Rings & Hollow Balls and Grinding Rolls (Raymond Rolls) to cater the large domestic market. A detailed technology, process and market survey is on in this field. These are high contribution mass production items.

During the year your company has introduced IF ICDP rolls and Special EC ICDP rolls for CSP Mills and the response is very positive. Your Company is also launching Roll Shop Management by providing total rolling solutions along with supply of rolls to its domestic customers and dialogue is on with Essar Steel, Pune Works.

Your Company has continued to maintain focus to avail of export opportunities and exported 2454 Rolls MT valued at Rs 4,015.32 Lacs during the financial year ended 31st March, 2014. The market expansion activities have met success in several advanced and developing markets like US, Italy, Egypt, Turkey, Malaysia, Libya, Thailand, Vietnam, Indonesia etc. and your Company have been able to secure repeat orders from these territories.

Improved market penetration planned in South American Countries, USA, Australia, Canada, Russia, Ukraine, , Africa, Ethiopia, Kenya, Tanzania, Iran, Vietnam & other Latin American countries by appointing agents in different regions/areas. It has participated in 'International Seminar and Exhibition' to have sufficient visibility in the international market.

Your Company has played a pivotal role in organising International Seminar on Cast and Forged Rolls at Research & Development Centre for SAIL Iron & Steel (RDCIS) Ranchi.

HUMAN RESOURCE

I must emphasize 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 believes that good corporate governance practice in the long term leads to creation of wealth to all the stakeholders. Your Company has been complying with the requirements of Corporate Governance as stipulated in the Listing Agreements.

SUSTAINABILITY PRINCIPLES

Your Company is constantly thriving to maintain a sustainable growth path. Economic viability, environment conservation and social responsibility shall continue to drive the company's policies and plans. Your Company shall continuously endeavour to improve and enhance these core principles.

QUALITY , AWARDS AND ACCREDITATIONS

During the year under review, your company continued to keep its focus on quality initiatives and participated in National Convention of Quality Circles (NCQC)-2013 and your company was honoured with "Excellence Award".

Your Company has invited foreign consultants and experts in the field of roll making for up gradation of technology and for improvement of the life of the rolls.

The Research & Development Centre of the Company recognised by the Government of India, Ministry of Science and Technology, Department of Scientific and Industrial Research, has taken up adequate steps to develop new variety of rolls indigenously to meet the increasing demand of value added rolls. Further, Life of the rolls manufactured by your Company has substantially improved particularly in Compact Strip Mill (CSP). The life of EC ICDP rolls and High Cr rolls increased by more than 30 % in comparison with FY 2012-13. Your Company stands 'TI' supplier for JSW - Dolvi as compared with international & domestic players like Tayo, Bharat Rolls etc.

Your Company has successfully become partner to produce rolls of Endless Strip Production (ESP) Plant upcoming in Bhushan- Angul.

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.

To conclude, I, on behalf of the company and the board of directors, express my sincere thanks to our customers, stakeholders, bankers, financial institutions, vendors, service providers and all other constituents for their valuable support and unstinted co-operation. To my colleagues on the board, I owe a great deal of gratitude for their prudent counsel and continued guidance. My special thanks and appreciation goes to the employees of the company at all levels for their hard work, dedication and continued commitment. I also take this opportunity to thank all the shareholders for the unstinted support in all our endeavours.

Thanking You,

Mahesh Trivedi
Chairman

