



GONTERMANN-PEIPERS (INDIA) LIMITED

46th Annual General Meeting schedule to be held on 30th December, 2015.

CHAIRMAN'S SPEECH

Dear Members,

It gives me immense pleasure in addressing you all at the forty-sixth Annual General Meeting ('AGM') of your Company. The Annual Report containing notice of the AGM for the year ended 31st March, 2015 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 2014-15, the global economy showed sign of recovery. The economy grew at 7.2% in 2014-15 as compared to 6.9 per cent in 2013-14 .

India on the other hand grew at a sluggish growth rate with a GDP of 7.2% in 2014. 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 expanded by a mere 0.6% to 1.537 billion tones 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 high finance cost and repayment obligation to Bankers.

I would now like to highlight some key aspects of the year under review:

- Total income during the financial year 2014-15 was Rs. 16,202.20 Lacs as against Rs. 15,786.13 Lacs in the previous year representing a substantial increase in income.
- Net loss after providing for interest, depreciation and tax increased to Rs. 2,115.56 Lacs as against net loss of Rs.1,538.38 Lacs during the previous year.
- During the year under review the total production was 9527 MT as against 10679 MT in the previous year. Consequently, the total sales decreased to 9332 MT as against 10880 MT in the previous year.

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.

Pursuant to an Order of the Hon'ble High Court of Judicature at Calcutta, the meetings of the Equity Shareholders and 6% Cumulative Optionally Convertible Redeemable Preference Shareholder of the Company were held on Saturday, the 28th day of March, 2015 for the purpose of seeking approval of the Shareholders of the Company for the said Scheme of Amalgamation. Thereafter, the Scheme of Amalgamation was approved by requisite majority.

Thereafter, the Company has filed the confirmation Petition before the Hon'ble High of Judicature at Calcutta and the same is pending for approval at present. The amalgamation, if approved will be advantageous and beneficial to all stakeholders of your Company.

Further, the Company has filed application to the Registrar of Companies ('ROC') , West Bengal for Granting Extension of AGM for a period of three months i.e, upto 31st December, 2015 for the financial year 2014-15 and the ROC has granted the extension for the same.

CURRENT YEAR PERFORMANCE

- The total operating income for the quarter ended 30th September, 2015 was Rs.2,927.23 Lacs as against Rs. 4,226.50 Lacs in the previous quarter ended 30th September,2014 .

- Production during the first 8 months of the current financial year is 4678 MT.
- Dispatch during the first 8 months of the current financial year is 4758 MT.
- Export during the first 8 months of the current financial year is 1233 MT.
- Pending Orders as on 30th November, 2015 is 13798 MT. However Company has received adequate number of Orders for the upcoming years.
- Maximizing order booking with high contribution product mix is being done. 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.
- Energy Audit is carried out periodically for reduction of consumption of energy. Further, audit of energy consumption by specialist of melting is being carried out to adopt benchmarking practices of induction melting.

LOOKING AHEAD

The world market for steel will reach \$1.3 trillion in 2015, with production levels to reach 1,694.73 million tonnes whilst consumption will reach 1,545.50 million tonnes. The market has been declining over the past few years as a result of the large oversupply of steel that pressured prices downwards. The global recession that hit the commodities sector hard also contributed to the shrinking growth.

The steel market has been dominated by China, accounting for half of the global market. It is the largest and fastest growing producer and consumer of steel and it will retain its leading position throughout the forecast period. India, Taiwan, Iran, Japan, Mexico and South Korea are other countries

exhibiting strong growth in terms of steel production and consumption. Global steel demand over the next decade will mainly depend on the emerging economies. However, economic conditions for the global steel industry remain uncertain and challenging.

The main factors that led to a previously significant increase in demand for steel are new infrastructure developments and the growing needs of the increasing middle class in the developing countries. The construction, automobile, and white goods industries will attract a high demand for steel over the next decade. The construction sector will be the key consumer of steel in the upcoming years as we predict growth above the global trend.

Your company has strengthened its overseas agent base in Europe, South East Asia, Middle East and North America. It has increased thrust for export markets and generated lot of business opportunity in South East Asia, Middle East, Egypt, Turkey, Bangladesh USA & Australia

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 organised by Pune Chapter and your company was recognized in the Category of "Excellent" and "Par Excellent". Recently, your Company has got recognition in the Category of "Excellent" and "Meritorious" in National Convention of Quality Circles organised by Chennai Chapter.

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. SS-ICDP Rolls have been developed for finishing stands of stainless steel hot strip mills. Graphite Steel Rolls having high fire crack resistance have been developed for finishing stands of wire rod mills. Further, Life of the rolls manufactured by your Company has substantially improved particularly in Compact Strip Mill (CSP).

Your Company continues to have the following certifications 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,

Manoj Kumar Mitra
Chairman