

42nd ANNUAL GENERAL MEETING
12th August, 2011

CHAIRMAN'S SPEECH

Dear Shareholders,

Good Morning. On behalf of the Board of Directors, I extend a warm welcome to all of you to this 42nd 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 2011 has been with you for some time and, with your permission, I shall consider them as read.

As a part of "Green Initiative in Corporate Governance", the Ministry of Corporate Affairs has permitted the Companies to serve the documents viz. Notice of General Meeting, Balance Sheet, Profit & Loss Account, Auditors Report, Directors Report etc. to the members through e-mail. In order to support this green initiative, we request you to register your e-mail address by following procedure already sent to you along with annual report 2010-11.

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

ECONOMIC SCENARIO

From a macroeconomic perspective, the year 2010-11 was a year of great contrasts. While the global economic recovery advanced, it remained uneven between advanced nations and emerging markets. However, India along with China continued to perform as a new growth pole in the world economy throughout 2010-11. During 2010-11, India's economic growth further improved to 8.5% from 8.0% in 2009-10

However, the recent global economic assessments and outlooks of major international agencies like the IMF, United Nations and World Bank, show slowing global growth. The earthquake, tsunami and nuclear crisis in Japan shook world financial markets and disrupted important global supply chains. The political unrest in Western Asia and North Africa has been a source of a renewed surge in oil prices. International prices of food and other primary commodities have also soared in the year. Growth is projected to decelerate in advanced economies due to the waning impact of fiscal stimuli, high oil and commodity prices and the sovereign debt crisis in the euro region. Growth in emerging market economies is also expected to decelerate on account of monetary tightening and rising commodity prices.

GDP growth of 9% initially projected for the year 2011-12, by Ministry of Finance is looking increasingly difficult to achieve. The government has lowered the growth projection for the year 2011-12 between 8 to 8.5 percent. The key risks to growth in India in the current year are the

negative impact of continuous tightening of monetary policy by RBI and a slowdown in global growth.

INDUSTRY SCENARIO

World crude steel production in the first six months of 2011 was 757.8 mmt, 7.6% higher in comparison with the same period of 2010. All major steel-producing regions showed increased production.

India became the fourth largest producer of crude steel in the world in 2010 as against the eighth position in 2003 and is expected to become the second largest producer of crude steel in the world by 2015. The increase in production came on the back of capacity expansion, mainly in private-sector plants, and higher utilization rates.

FINANCIAL PERFORMANCE

I would like to briefly mention about the key aspects of your Company's performance during the financial year 2010-11.

The fiscal 2010-11 has been one of the toughest on your Company. The performance has been affected badly due to lower demand in the export markets, due to the slow revival from the global crisis. The increase in the cost of raw materials, power and fuel and other consumables had a major impact on the profitability of the company

- Operating Income increased by 15% from 13,518.07 Lacs in 2009-10 to Rs 15,552.85 Lacs in 2010-11.
- Operating Profit before interest and depreciation (PBDIT)

decreased by 26% from Rs 2413.81 Lacs in 2009-10 to Rs 1795.21 Lacs in 2010-11.

- Profit after Tax (PAT) decreased drastically from Rs 513.16 Lacs in 2009-10 to Rs 90.49 Lacs in 2010-11.
- Production increased 26% from 8894 MT in 2009-10 to 11170 MT in 2010-11.

LOOKING AHEAD

The financial year 2011-12 is going to be quite challenging for the Indian industry. According to the RBI's Annual Monetary Policy document, high global crude oil and other commodity prices pose big risks to India's growth and inflation.

Steep fall in share prices in the aftermath of debt crisis and signals of financial meltdown in the US and Europe is sending shivers down the Indian steel industry. Banning of iron ore mining at Bellary in Karnataka has also dampened the spirits of steel producers and is going to adversely affect the availability in the coming months.

In spite of the depressing scenario of depleting investment in infrastructure, particularly in fresh capacity creation, and subdued growth of manufacturing sector, the drop in steel supply may paradoxically result in price rise as inventory accumulation may be a reality.

Official estimates reveal that finished steel consumption in the country has come down to 0.7% in the April-July 2011 period. This confirms that demand drivers, namely construction and automobile are slowing down.

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, 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. 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. 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. Quarterly compliance report for corporate governance is sent to the stock exchanges as per the applicable guidelines. Risk identification and mitigation exercises are constantly reviewed and implemented. A separate section on corporate governance furnishing applicable details forms part of the Directors' Report.

AWARDS AND ACCREDITATIONS

During the year under review your company received the following awards in the Quality Circle Competitions

- Machine Shop teams honored with “Gold Award” & “Silver Award” in Chapter Convention of Quality Circles (CCQC)-2010”, Kolkata.
- Forge Shop team honored with “Gold Award” & Melting Shop team honored with “Silver Award” in “ICQCC-2010” held at Hyderabad.
- Consistency Award for TPM (Level-II)

Your Company also successfully cleared the surveillance audit of

- 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 challenges 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 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 their wise counsel and guidance. And, of course, I remain grateful to you, our faithful shareholders, for your continuing confidence in our Company.

Thank you