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*Message from*  
**Chairman & Managing Director**

**C. P. Agarwal**

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**Dear Fellow Shareowners,**

It is my pleasure to present the Annual Report of your Company along with the Balance Sheet as at 31st March, 2012 and Statement of Profit & Loss for the financial year ended 31st March 2012. I am pleased to inform you that with your support and confidence of customers the Company was able to report a remarkable Turnover of Rupees 26796.11 Lacs during the year. I assure you that we would do our utmost to live up to expectations, deliver quality in all our operations and strive to increase shareholder wealth.

**THE BACKDROP : ECONOMY & INDUSTRY :**

The Financial Year 2011-12 had been a challenging year. The Global Economies witnessed a modest recovery with accelerated GDP growth in US. However concerns persisted with regard to the sustaining of the momentum. The uncertainty in the EURO zone primarily because of the sovereign debt crisis even after large scale infusion of liquidity by the European Commercial Banks has resulted in the negative GDP growth in the fourth quarter. The increases in oil prices which are mainly fuelled by uncertainties of supply have raised concerns on escalation of global inflation.

The continuing uncertainties in the international foreign markets and the depressed global economic scenario also had its toll on the Indian economy. As a result, India too has suffered and Indian economy grew at 6.5% in 2011-12, down from 8.4% in 2010-11. The GDP growth in 2011-12 was at 5.3% - the lowest it has been in 9 years. This has been mainly on account of slowdown in the industrial sector due to cumulative effect of the monetary tightening and slackening of external demands.

The annualised global steel production peaked at June 2011 with 1,576 MnT which got reduced to a low of 1,420 MnT in November, 2011 - a reflection of economic slowdown in certain parts of the Globe. Global Steel production touched 1,527 MnT in 2011 against 1,430 MnT in 2010, an increase of 6.8% over the previous year. All major steel producing countries apart from Japan reported growth; this was particularly robust in Turkey, South Korea and Italy.

In 2011, India emerged as the world's fourth-largest steel producer after China, USA and Japan. India produced 74 MnT of crude steel in 2011-12 against 71 million tonnes in 2010-11 at an average capacity utilization of 83% in 2011-12, 91% in 2010-11, the steel demand in the country grew 6.8% in 2011-12, in accordance with the economic growth of the country.

**COMPANY & ITS PERFORMANCE :**

Despite the challenging environment your Company has been able to perform reasonably well registering an all-round growth in various parameters. Fiscal 2011-12 would be marked as important

year for the Company. I would like to touch upon some of the events which made this fiscal a special year. First, during the Financial Year, Company has issued and allotted 25,00,000 Zero Coupon Fully Convertible Unsecured Debentures on Preferential Allotment basis to the Promoter and Non-Promoters on the terms and conditions as approved by the shareholders of the Company at their Extra-ordinary General Meeting. Fund infused in the Company through this Issue has been, as per the terms of the issue, utilized in meeting short term working capital requirements. Second, Captive Power Plant of 18 MW started commercial operation from July 25, 2011. It gives us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. With the installation of Captive Power Plant waste heat of Iron and Steel Units is utilized to generate power which in turn improved the profitability of the project thereby making it economically more viable. Third, Structural Mill forming part of the Re-Rolled Products Unit has started Commercial Operation from April 12, 2012. Last but not least, Company reported a remarkable turnover and profitability and you will be happy to learn that during the year, your company achieved a significant turnover of Rupees 26,796.11 Lacs. During the year your Company posted a Profit Before Tax (PBT) of Rs. 958.28 Lacs and Profit after Tax of Rs. 588.93 Lacs.

Your Company continued to focus in the areas aligned with the overall vision of being a leading Steel Makers of Uttar Pradesh and is investing its resources in core businesses across the integrated steel plant as well as Flour Mill unit and acquiring new and latest technologies and businesses that help meet changing aspirations of millions of consumers. At Gallantt Ispat, maximizing shareholders value is an article of faith. With this in mind, we will explore all emerging opportunities in the sector in which your Company operates.

**CONCLUSION :**

I express my sincere thanks to the Company's valued customers, shareholders and well wishers for their valuable contribution to the progress of the Company and seek their continued support and cooperation in future. I acknowledge with gratitude, the timely advice, valuable guidance and support received from management team, Board of Directors and our priceless staffs at all level without which the progress achieved would have been unattainable. I am also thankful to the Financial Institutions / Banks and other Government, Semi-Government and Non-Government Institutions for their co-operation and support to the Company.

Thanking you,  
Yours truly,  
**C. P. Agarwal**