



Chairman's Perspective

Letter to Shareowners

Dear Shareowners,

We are pleased to share with you the Annual Report for the Financial Year 2012-13. The business sentiments, confronted with the challenges of market conditions and slowdown in global demand, remained extremely challenging and the recessionary economic conditions led initial slowdown in sales growth. Thanks to the sustained efforts of the marketing team, improved marketing performance resulted into remarkable sales and growth.

BUSINESS & ECONOMY :

Steel Industry contributes a major share in the economic growth globally. Steel's wide and varied usage makes it the backbone of an economy & is often referred to as a symbol of economic growth. According to World Steel Association (WSA), with an output of 1,548 million tons, global steel market was marginally up showing a growth rate of only 1.2% in 2012. The slowdown in growth rate factored in as 27 crude steel producing nations of Europe and South America cut production levels compared to last year. However, this slowdown facilitated steelmakers in Asia and North America to fill the gap & attain a notable growth rate. International Steel Statistics Bureau (ISSB) data interprets that Asian Countries like China, Japan, India, South Korea, Taiwan, Malaysia, Thailand, Indonesia and Singapore contribute around 99.5% of the total production of steel. Also, these nations together contribute 97% of the export globally.

India continued to rank fourth in the world steel production with an output of 76.7 million tons, showing the highest growth of 4.2% among top five steel producing nations in 2012. Supply side issues on raw material availability and sharp depreciation of Rupee affected the operating environment of the industry.

This impacted the underlying sentiment and uncertainty in the economic environment. While India recorded growth in apparent steel use, it was well below the expectations due to challenging macro conditions. India has been a net importer of steel especially at the high value-added end product portfolio and is likely to continue to do so. Demand for steel in India will continue to grow given the significant need for infrastructure growth and the increasing urbanization in the country.

YOUR COMPANY & GROWTH :

Despite the global challenges, we saw constructive demand growth in our businesses. Gallantt Ispat has achieved revenue from operations of ₹ 41099.81 Lacs, Net Profit of ₹ 1172.82 Lacs and Earnings per Share (EPS) of ₹ 4.38 for the Financial Year ended March 31, 2013. This is a reflection of the quality of our assets and growing demand for our products across the region. The increased cost of raw materials and inflationary rise in other expenses resulted into lowering of Profit before Depreciation, Interest and Taxes (PBDIT). The Company remains focused to improve its core business and look for higher market share in the business segments in which it operates. We, at Gallantt, are looking to capture the major demand of our products in Northern and Eastern Part of the country specifically, Uttar Pradesh, Uttarakhand, Bihar, Jharkhand, etc. and have plans to enlarge our branded products portfolio with a special focus on rural sales through dealership network in rural areas.

I would like to thank all our colleagues across the country for their hard work and valued contribution during 2012-13. I am grateful to the Board of Directors for their unwavering support and guidance. I take this opportunity to express my gratitude to all our stakeholders, who have reposed trust in us and extended their constant support.

Thanking you,
Yours truly,
C. P. Agarwal