



Chairman's Message

Dear Shareowners,

During the fiscal 2013-14, your Company witnessed greater financial stability and continued to make significant progress. We are pleased to share with you a strong Annual Report to support our ambitious growth plans. Growth history is a result of the sustained efforts of the marketing team which in turn resulted into remarkable sales and growth.

MACROECONOMIC FRONT

The year 2013-14 marked a subtle turnaround in the fortunes of the global economy as it showed signs of recovery with growth in demand especially in the second half of the year. On the domestic front, the economy seems to have finally bottomed out. After dipping to 4.5% during the previous year, GDP growth recovered to grow at 4.9%, largely due to the revival in agriculture growth. Growth in both the industrial sector and service sector remained lackluster on the back of weakness in both consumption and investment demand. A major problem for the economy was a very aggressive and disorderly bout of currency depreciation. The volatile rupee, stubborn inflation and stagnant industrial production continued to be a drag on the economy. Looking ahead, there are indications of a turnaround on account of better global growth, an improvement in export competitiveness and the implementation of recently approved investment projects. Additionally, the formation of a strong and stable government at the Centre is expected to augur well for India's economy due to speedier implementation of progressive policies.

INDUSTRY DEVELOPMENT REVIEW

Global steel production in 2013 continued to increase by 3.5% to 1,607 million tonnes despite tepid demand growth in most parts of the world. The most notable increase in production was in China where at least 58 new furnaces have come online, adding 80 million tonnes of annual capacity (about 8% of an existing 970 million tonnes). Steel production in Japan has also increased by 3.1% to 110.6 million tonnes. Production in some countries did decline in 2013, with a 4.4%, 2% and 1% fall in South Korea, the US and Brazil, respectively, and with Europe dropping by about 2%. Capacity utilization in the industry averaged 78.1% in 2013 — up from 76.2% during 2012.

India has become the second best in terms of growth amongst the top ten steel producing countries in the world and a net exporter of steel during 2013-14. Steel contributes to nearly two per cent of the

gross domestic product (GDP) and employs over 500,000 people. The infrastructure sector is India's largest steel consumer, thereby attracting investments from several global players. Owing to this connection with core infrastructure segments of the economy, the steel industry is of high priority right now. Also, steel demand is derived from other sectors like automobiles, consumer durables and infrastructure; therefore, its fortune is dependent on the growth of these user industries. Indian steel consumption is also forecast to rise as a result of government spending on infrastructure and higher consumption of consumer durables. However, iron ore prices in the domestic market are expected to remain soft due to the impact of export restrictions and duties on domestic pricing.

YOUR COMPANY & GROWTH

Quality of our assets and growing demand for our products resulted net revenue from operations of Rs. 47327.85 Lacs during the financial year 2013-14. Margins were better due to lower prices of key raw materials and also due to reduction in their specific consumption. As a result, the company achieved a better Profit Before Tax at Rs. 1718.84 Lacs (Rs. 1515.36 Lacs in the previous year) and Profit After Tax at Rs. 1497.99 Lacs (Rs. 1172.82 Lacs in the previous year). The Earnings Per Share has increased to Rs. 5.18 per share (Rs. 4.38 per share in the previous year). In view of improved operational and financial results, the Board has recommended a dividend @ 5% on the outstanding Equity Shares.

Even though we operated in a challenging economic environment, volatile markets and low global growth rates, our Revenue and Profit remained strong and enabled us to deliver robust profits in FY 2013-14. The company remains focused to improve its core business and to be debt free in the coming years

The Companies Act, 2013 applicable now has brought in provisions which require the companies to adhere to stringent corporate governance norms. I am proud to state that your Company has always followed the highest standards of Corporate Governance and consider it as more of an ethical requisite than a regulatory necessity.

I take this opportunity to sincerely thank all its stakeholders and also all our colleagues across the country for their hard work. I am grateful to the Board of Directors for their support and guidance.

Thanking you,

Yours truly
C. P. Agrawal