



Message from
Chairman & Managing Director

C. P. Agarwal

Dear 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.

Economic Scenario

Financial Year 2011-12 was a year of great contrast and has been a challenging year with unprecedented uncertainty. The world economy continues its sluggish journey greatly influenced by European concerns. The Indian Economy has moved to a slower growth phase reflecting the impact of continued monetary tightening. Inflation continued to be the primary macroeconomic concern of the Indian economy. We see rising inflation, a depreciating currency and rising cost of inputs coupled with purchasers resistant to price increase. Corporates like us found it increasingly difficult to pass on this rise in input cost to the customers. This is evident from the fact that though corporate performance in the country was relatively robust during the year, earnings before depreciation, interest and tax (EBDITA) and Profit after Tax (PAT) margins showed a downward trend.

Performance, Projects and Vision

Our business continues to perform well despite the ups and downs that are inherent in the market. During the year Company has reported a turnover of Rs. 58,532.36 Lacs. Company has posted a Profit Before Tax (PBT) Rs. 1,536.34 Lacs and Profit After Tax (PAT) Rs. 1,454.32 Lacs. Margin pressure was exerted on the Business during the year as a result of sharp volatility in raw material prices and energy costs. Although prices of finished products (i.e. Steel Products) moved up, these increases were not entirely commensurate with the higher input costs. Moreover, given a stagnant demand situation, price enhancements and productivity gains that the Business strived

for during the year were insufficient to offset the sharp increases in input costs. However, your Company is taking several measures to ensure the cost reduction and raising productivity.

Company's proposed a new Pellet plant with beneficiation unit at Village - Halavarthi, Taluka and District - Koppal, Karnataka is under implementation and legal formalities are being complied with. Land acquisition work for the expansion plan has been completed and Company has also obtained clearances for the new project from the Karnataka Government and Ministry of Environment and Forests.

Future Outlook

The Global outlook for the year 2012-13 looks slightly better than expected earlier. Domestic growth outlook for 2012-13 is marginally better than 2011-12. Assuming a normal monsoon, agricultural sector is also expected to do better. Industry is expected to perform better than in last year as leading indicators of industry suggest a turnaround in Index of Industrial Production (IIP) growth. The RBI has projected the baseline GDP growth for the financial year 2012-13 at 7.3 per cent.

Growth in the steel demand has strong correlation with growth in GDP of nation. As Indian economy is slated to exhibit robust growth in GDP, steel demand is also expected to grow in tandem. Infrastructure projects in the areas of road construction, mass transit systems, power generation etc. are expected to grow in the years to come and hence, the demand for iron and steel in medium term shall be healthy.

Thanking you,

Yours truly,

C. P. Agarwal

August 11, 2012