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## Chairman's Letter

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Dear Shareowners,

It is my pleasure and privilege to communicate to you through this annual report. In fiscal 2013-14, India was besieged by high inflation, rapidly depreciating Rupee, rising NPAs, declining manufacturing, stagnant investments and subdued exports with adverse downside risk to future economic growth. However, prudent and timely measures by RBI and the Government restored macroeconomic stability, lowering Current Account Deficit to below 2.5% and contained Fiscal Deficit at 4.6%. In nutshell, the fiscal year ended 31st March 2014 proved to be a challenging year with the Indian economy witnessing sustained slowdown across sectors and Industry continued to be in the midst of a slowdown. On the demand side, the consumption growth remained weak amid elevated inflation and subdued income growth.

### INDUSTRY AND YOUR COMPANY

While global steel demand increased by 3.6% in 2013-14, and demand in advanced countries is likely to improve further, China's demand growth has been moderating. In the last 13 years, Indian steel sector has witnessed rapid growth. Apparent Finished Steel Consumption grew 2.7 times at 8.6% Compound Annual Growth Rate (CARG) to reach 74 MnT. Crude Steel Production increased three times at a CAGR of 10% to reach 82 MnT. Despite these achievements, FY 2013-14 was a tough year for the industry as it recorded abnormally low consumption growth of 0.6% to reach a total of 73.9 MnT during FY 2013-14. Flat Steel demand was down by 2% while Longs displayed a growth of 2.6%. Indian steel sector continued to face inadequacy of iron ore with inconsistency in quality and supplies.

It has been a moderate year for Gallantt Metal. Our strategy is to establish a dominant position in the core areas of our business. For our steel business, we are constantly investing in reducing costs, increasing capacity, and improving quality so that we establish a leadership position. We follow a similar approach for our Power business also. Our teams have worked hard, actively managing the

business, focusing on improving our customer offer and optimising our cash generation in these difficult markets. These are the right things to do to ensure we can deliver value for shareholders over the medium term. Your Company has reported a turnover of ₹ 669.90 Crores and continues to maintain a healthy EBIDTA (₹ 44.55 Crores) and Net Profit margins (₹ 15.06 Crores) in line with the best industry benchmarks. A tight control on expenses and lower raw material inflation helped the operations of the Company to deliver a strong performance despite difficult market conditions.

Your Company always believed that keeping a keen ear to customer's requirement and feedback goes a long way. We have kept the customer at the center of all our strategies and this approach of Customer Centricity is paying rich dividends.

A decisive mandate in the General Elections has re-kindled hopes of an economic revival. The new Government has promised to focus on infrastructure development while de-bottlenecking the administrative and clearance procedures. Housing and infrastructure creation are said to be key focus areas for the new government, and this augurs well for the steel sector outlook in India. Gallantt Metal, being a flagship company of Gallantt Group, is striving to be a key participant in the Indian steel sector and contribute to help in the country's economic progress.

Thanking you,

Yours truly  
**C. P. Agrawal**