



Dear Shareowners

It gives me immense pleasure to address you at the end of another successful year. The year 2015-16 was of steady and stable growth. We exercised great caution during the year, because the external environment was volatile and largely unpredictable. We successfully increased our production efficiencies and implemented multiple initiatives to enhance our preparedness for your company's resurgence in the iron and steel sector. We are today more equipped and confident that our foresight is taking us towards the right direction and long-term sustainability.

Economic Outlook and Industry

Global economic recovery, during the year, remained sluggish, fragile and uninspiring. In advanced economies the recovery was modest and largely uneven. The US economy performed with resilience, supported by relatively easy financial conditions with strengthening housing and labour markets. In the European economy, robust private consumption, supported by lower oil prices and easy financial conditions outweighed the weakening net exports.

The scenario for emerging markets and developing economies is not very encouraging either. China is on a rebalancing mode; it is navigating a momentous but complex transition towards a more sustainable growth. Given China's important role in global trade, the rebalancing efforts can have substantial spill-over effects, especially on emerging market and developing economies.

India continued to be one of the most attractive economies by common consensus. During FY 2015-16, the economy grew by 7.6% and the government took considerable measures to usher in a culture of fiscal consolidation. The government is focusing on across the board reforms to spearhead infrastructure development in railways, roads and highways as well as the power sector, to build a broad-based foundation for accelerated socio-economic development.

The year 2015-16 ended on a positive note. We saw good recovery of steel prices in the domestic market, which for the past 18 months had

LETTER TO SHAREOWNERS

slumped to an all-time low. Moreover, introduction of minimum import price (MIP), also helped to curb the rapidly growing imports at predatory prices. More importantly, demand was stagnant for most of the year; and the marginal demand growth benefited the importers. The indigenous steel producers failed to become true beneficiaries of the fledgling demand growth.

In this context, it is pertinent to mention that the government's Make in India initiative has been a resounding success. After the launch of Make in India, FDI inflows have increased by 37% (Source: Ministry of Commerce and Industry).

Your Company's Performance

A growing and competitive manufacturing sector has become the prime mover of the modern economy. Your Company's main focus is customer centric and about keeping Customers happy in a very demanding environment. Company believes that the salesperson is the star and needs to have sharpened skills and processes that keep the empowered Customer happy. Your Company has delivered strong operational performance in FY 2015-16 with relentless focus on cost discipline and improved productivity across all our operations that enabled us to deliver strong earnings and record cash flow. As a result, your company reduced debt and strengthened its ability to withstand volatility in the tough and challenging commodities market during the year. The strength of business is determined not by how well they do in good times, but in how courageously they sustain periods of uncertainty and challenges. During 2015-16, your company have witnessed unprecedented challenges but remained steadfast to the belief to counter these challenges with resilience. This we reflected through our strong operational performance. Our revenues stood at 66,997.01 Lacs and EBIT at 50,86.55 Lacs in the fiscal. Profit Before Tax and Profit after Tax stood at ₹ 4,382.40 Lacs and ₹ 4,158.30 Lacs respectively. We went a step ahead to achieve further operational efficiencies and enrich our product mix. We are focussing on growing our domestic sales and aggressively expanding our sales network and achieve higher branded sales.

It has been a year of great transition for the Company. I am confident that we will have a more promising year ahead of us in view of the strategies we have undertaken, the gradually developing positivity in our core operative sectors. I seek the support and cooperation of all our stakeholders to strengthen your company's mandate to help create a progressive and prosperous business.

The Company's management will continue to focus on operational and commercial excellence in its operations and strive for further growth.

Finally, I would like to gratefully acknowledge the trust and confidence reposed in us by you.

Yours truly,

C. P. Agrawal

CHAIRMAN