

**37th ANNUAL GENERAL MEETING
27th SEPTEMBER 2006**

CHAIRMAN'S SPEECH

Dear Shareholders,

It is indeed a pleasure to welcome all of you to the 37th Annual General Meeting of your company. I thank you for having spared your valuable time and made it convenient to attend.

The Annual Report containing the Directors' Report and the Audited Accounts for the year ended 31st March 2006 has been with you for some time and, with your permission, I take them as read.

INDIAN ECONOMY

To start with I would like to highlight the performance of the Indian economy. The performance of the Indian economy in 2005-06 was impressive. The economy recorded GDP growth of 8.4%. This was the third consecutive year of 7.5% plus economic growth, which has further consolidated India's position as one of the fastest growing economies in the world. The global focus on India has been intense and it should be a matter of great pride and satisfaction for all of us that we are seriously being regarded as a major emerging economic power of the 21st Century.

STEEL & ROLL INDUSTRY

Now, I shall apprise you about the scenario of Steel and Roll Industry. It is redeeming to note that steel market conditions have been on an up-turn since the beginning of the current fiscal. Demand for finished steel has been registering significant growth, both in India as well as in major markets, namely, China, European Union etc. The overall 7% global demand-growth prediction appears to be realistic with first six-month results showing. In the wake of better demand conditions, prices of steel products have improved, both in domestic and international markets.

While Chinese production growth has slowed to 18% year-on-year in the first six months of 2006, rest-of-the-world production has turned around from an annual negative growth in 2005 to a 3% growth in the first six months of the current year compared to the same period last year. In Europe, Non-EU Countries' six-month growth nearly touched 10%, while EU Nations and North American Countries posted a healthy growth of 4% and 4.7% respectively. Indian steel production registered a strong growth of 16% in January-June 2006 period.

With enormous mineral resources, rich iron ores, economical manpower cost and lower cost of production is a boon to Indian steel industry and the economy as a whole. Major world class steel manufacturers are competing to install their manufacturing facilities in India, which has huge iron ore reserves. This has certainly boosted our roll industry. In the wake of boom in steel sector, the roll industry has

also started recovering, with increase in demand in the domestic as well as international market.

OPERATIONS & PERFORMANCE

Your Company achieved milestone performance during 2005-06. I would like to highlight the key aspects of your Company's performance during the year.

- Operating Income increased by 38% - from Rs.99.49 crores in 2004-05 to Rs.137.29 crores in 2005-06.
- Exports increased by over 107% - from Rs.16.27 crores in 2004-05 to Rs.33.72 crores in 2005-06.
- Profit before depreciation, interest and tax (PBDIT) increased by 470% - from Rs.3.66 crores in 2004-05 to Rs.20.89 crores in 2005-06.
- Profit before tax (PBT) increased by 1134% - from Rs. (1.50) crores in 2004-05 to Rs.15.57 crores in 2005-06.
- Profit after tax (PAT) increased by 846% - from Rs. (1.50) crores in 2004-05 to Rs.11.23 crores in 2005-06.
- Basic earnings per share increased from Rs. (1.08) in 2004-05 to Rs.8.08 in 2005-06.

Our performance on every parameter, therefore, reflects significant improvement.

Let me now share with you the performance of your Company during the first five months of this year.

Your company has recorded an operating profit of Rs.100 Lac during the first quarter of the current financial year against Rs.98 Lac during the corresponding quarter of the previous year. During the first five months of current financial year, your company achieved production of 3434 MT as against 4705 MT during the corresponding period last year. The reduction in the production was due to breakdown in CC Machine.

Now, I would also like to share with you my concerns about the company's competitive position in the Indian steel industry and roll industry in particular. Regular increase in steel prices coupled with increase in prices of some key input materials in the recent past affected the performance of the company to a great extent. Further, our major area of concern is non-availability of forged blanks in time and at appropriate cost due to scarcity and high demand all over the world. However, your company is making every possible effort to increase the number of resources in order to improve the flow of blanks. This will ensure smooth production.

OUTLOOK

Your Company envisions to be a leading global player in the field of Roll industry. Rolls being integral to steel production, the demand is directly linked to the growth of the steel industry. The upturn in the steel production has resulted in stability of demand for rolls. The Company expects to benefit from the upsurge in the steel₂

industry and with the domestic steel industry adding capacity at a fast pace, the prospects for the roll industry appears to be both promising and challenging in medium to long term.

Considering the above along with many more new Greenfield steel projects upcoming, the domestic demand for steel is expected to grow by 8-10% over next few years. Experts forecast the steel capacity target at 100 Mn. Tonnes p.a. in 2019-20.

Your company accordingly plans to enhance production capacity to 18000 MT finished rolls, by end 2007 and develop high wear resistant value added rolls for the Steel Industry. As these capacities ramp up to the full production level, your company will witness a substantial growth and improvement in revenue, operating leverage and profitability.

Your company has targetted few Roll foundries for acquisition in Europe. The technical management team of GPI has already made visits to the foundries. Discussions are at an advanced stage with one of the Roll foundry having forging facilities which will help backward integration in the existing Indian unit.

In order to compete with the international market and to cater to the needs of your customers, your company is investing in the research and development activities in the plant. Our Research & Development team is continuously engaged in development of better quality products.

I am confident that over a period of time our performance will show significant quantitative and qualitative improvement.

HUMAN RESOURCE

I must emphasise that the greatest strength of GPI has been its people and their spirit in overcoming challenges. With a view to enhance the operational efficiency of the employees at all levels, management initiative programmes such as Six Sigma, Total Productive Maintenance (TPM), Activity Based Costing, Just – In – Time (JIT), Performance Management System (PMS) have been integrated with the Human Resource Development policies of the Company.

I have also impressed upon our management team that it is our collective responsibility to spot talent, track it and help making leaders. Necessary benchmarking has also been done for award, reward and promotions.

These initiatives inculcate a sense of dedication towards the Company and thereby create values for stakeholders. Every aspect of the Company's activities is analysed by competence, motivation and general effectiveness of its human resources. My vision gains strength because all the functions focuses on management of the human component, which is the central and most important task, since all depends upon how well it is done. It enhances the efficiency of human asset.

CORPORATE GOVERNANCE

Your Company's Corporate Governance Philosophy is based on imbibing best practices in the area with emphasis on ensuring transparency and accountability. The path-breaking amendments brought through to Clause 49 of the Listing Agreements with Stock Exchanges have been implemented by the Company. Risk identification and mitigation exercises are constantly reviewed and implemented.

During the current fiscal year, your Company has made a major turnaround in stock market. The shares of your Company are being actively traded on the Bombay Stock Exchange. Share price of the Company continues to witness upsurge. The market capitalisation has crossed Rs 50 Crores during the last couple of weeks.

ACKNOWLEDGEMENT

I would like to sincerely thank all our valued customers, both domestic and international, for their unstinted support at all times. Their active involvement has been a source of great encouragement and motivation. I am sure that your company will continue to have their support.

I take this opportunity to express my sincere thanks to the Government, the Financial Institutions and Banks for their encouragement and support to our company.

I sincerely appreciate the contributions of all our employees, which has resulted in your company's excellent performance. I request them to carry on the good work and help us realize our common objectives and goals. I also thank my colleagues on the Board for the major role they playing in charting a successful course for the company.

Finally, I convey my personal gratitude for the confidence that you have reposed in your company's Board of Directors. I sincerely hope that you will continue to extend your whole-hearted support to us so that we, along with the management team, and all employees will further accelerate the growth and progress of your company.

Thank you!