

CHAIRMAN LETTER

Dear Shareholders,

It is my pleasure to present to you the Annual Report 2017-18 and share my thoughts about the Company and the Industry.

The Financial Year 2017-18 witnessed slowdown in the first half due to trailing effects of demonetization and roll-out of the Goods and Services Tax (GST). The economy then gradually recovered in the second half and is now growing at about 7%.

The foundry industry, which is the key market segment we operate in, recorded an increase of about 8% in the casting production as per our estimates. The Automotive and Tractor segments witnessed double digit growth while segments like Wind Energy, Oil and Gas observed negative growth during the year.

New environmental restrictions in China led to production disruptions at many critical raw material plants affecting the demand-supply balance in Asia adversely. This coupled with rising oil prices led to a substantial increase in raw material costs for the Company during last financial year.

Your Company has shown resilience in the face of above challenges by growing the revenue substantially through diversification in new fields to maintain profits. During the year, your Company successfully test marketed polyurethane systems for footwear applications and established IVP brand in this fast growing market segment. With this diversification, the Company is geared up for accelerated growth in future.

During the year, your Company focused on investments in capacity expansion and sustainability initiatives at our manufacturing sites.

The Corporate office and both the factory sites are now certified for Integrated Management System (IMS) comprising of ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007, by Intertek, a world renowned certification company.

Your Company recruited many young professionals across various functions and took focused approach towards development of a capable & result oriented workforce to fortify its human capital.

Gross Revenues from Operations grew to ₹ 27,554.44 lakhs from ₹ 18,047.89 lakhs in the previous year. EBIDTA this year grew to ₹ 2,229.96 lakhs as compared to ₹ 1,861.05 lakhs in the previous year, however, PAT dropped marginally to ₹ 1,038.79 lakhs from ₹ 1,080.77 lakhs in the previous year.

The year ahead holds promise. In the longer run, GST should boost corporate investment, productivity and growth by creating a single market and enhancing transparency. Government initiatives like 'Make in India' and Private Public Partnerships in sectors like Defence and Infrastructure will have a positive impact on production output. The high consumer demand in automotive and agricultural equipment sector augurs well for the Economy. Outlook for the monsoon is good. Given all this, our country is likely to be the fastest growing economies in the World.

With this optimism, I would like to assure you that your Company will continue to strive and make all efforts for maximizing Shareholders' value and return.

Sincerely,
Vishal Pandit
Chairman
24th May, 2018