



BALASORE ALLOYS LIMITED
27TH ANNUAL GENERAL MEETING

29TH SEPTEMBER, 2015

FROM THE CHAIRMAN'S DESK

DEAR FELLOW SHAREHOLDERS,

Good Morning. On behalf of the Board of Directors, I am glad to welcome all the shareholders, at the 27th Annual General Meeting of the Company.

The Annual Report containing the Directors' Report and the Audited Accounts for the year ended 31st March 2015 has been with you for some time and, with your permission, I shall consider them as read.

It indeed gives me great pleasure to share with you some significant happenings in Indian context and Globally in the year passed by and in terms of what the future holds for us.

ECONOMY

Fiscal 2014-15 can be looked upon as an inflection point for India as the Central Government, through its confidence-inducing policies, transformed gloom and despair into hope and aspiration for the average Indian.

The Prime Minister's ambitious call for 'Make in India' holds enormous promise to radically transform the Indian economy. This path-breaking goal, complemented by investment-inducing reforms namely 'Skill India', 'Digital India', 'Swachh Bharat' and 'Jan-DhanYojana', has laid the foundation for sustained economic progress over the medium-term.

It will be a while before the desired results are achieved, but it has raised the respect of and expectation from India among global nations – which augurs well for the country.

Indian Economy's GDP growth for the fiscal year ending March 2015 settled at 7.3%, up from 6.9% in 2013-14, a tad lower than an official estimate of 7.4%. This growth was due to improvement in the performance of both services as well as manufacturing sectors.

Overall, global growth is projected to reach 3.5% in 2015 and 3.8% in 2016. The recovery in the Euro Area is progressing more rapidly than expected since late 2014, supported by a weakening euro, declining oil prices, record low interest rates, and improved bank credit supply. The Euro Area growth is projected to reach 1.5% in the current year, increasing to 1.7% in 2016-17.

One of the heartening features has been the emergence of India as a large economy with a promising outlook, amidst the mood of

pessimism and uncertainties that continue to persist in a number of advanced and emerging economies.

INDUSTRY SCENARIO

The global Ferro Chrome industry is passing through challenging phase. The difficulties currently faced by South African production have changed the landscape for the global ferrochrome industry. Power shortages in the country have resulted in higher tariff rates and utilization limits, meaning South African producers are unable to operate at full capacity. This is evident from the closure of Ferro Chrome companies like IFM, TATA KZN and ASA Metals which realistically removes around 165000 MT of ferrochrome from the market during the second half of 2015.

Eventually, it will be survival of the fittest as most of the high cost producers of Ferro chrome from South Africa & China will face closure, thereby reducing demand supply gap by next year. Prices have been down, pulled back by low raw material price expectation effected by macro economic factors.

Although as compared to other commodities like Nickel, Zinc, Ferro Manganese, Ferro Silicon, going back to 2008 level and below, Ferro Chrome prices are still sustainable for the Company. Your Company having presence and diversified into major high paying markets like Europe, USA, Latin America apart from Asian countries will help pull over market turmoil.

As per analysis's Stainless Steel markets looks more optimistic in countries like South Korea, Belgium, Italy & India where the Company is already having its presence. The Company's strategy to sell directly to the manufacturing units will further strengthen its market grip and help for long term sustenance in near future. Although as per analysts, market is already at its bottom most and it is expected that strong demand from the stainless steel sector shall outgrow production in 2016.

FINANCIAL HIGHLIGHTS

Owing to improvement across the key parameters, the company has achieved an impressive performance, with the total income for the year ended March 31, 2015 being Rs 88,166.37 Lacs - a growth of 11.42% over the previous year. During the year the company's main focus was exports and book sales of Rs 62,537.80 Lacs, which is higher by 15.21% over the last year's figure.

Major Financial Highlights are as follows:

Particulars	Financial Year ended 31st March, 2015	Financial Year ended 31st March, 2014
Profit/(Loss) Before Interest, Depreciation & Tax (EBIDTA)	14,194.00 lacs	13,134.62 lacs
Net Profit (PAT)	2924.09 lacs*	4,600.29 lacs
Basic Earnings per share	4.14	7.16

- *The Net Profit for the year declined by 36.44% from Rs. 4600.29 lacs to Rs. 2924.09 lacs due to an exceptional charge of Rs. 4367.31 lacs on account of Recompense amount payable to lenders.
- EBIDTA increased by 8.07%.

Your directors have recommended a 12% Dividend for the financial year ended 31.03.2015 subject to the approval of Shareholders at this Annual General Meeting.

OPERATIONS

Fiscal Year 2014-15 is an important milestone as your Company achieved the highest ferro alloys production at 1,11,475 MT against 1,04,550 MT in 2013-14, an increase of 6.62% over the previous year. The untiring efforts of the team has also contributed immensely in optimizing operational costs and improving productivity.

The Mines performance has been improved in meeting the additional requirements of the plant for producing the higher quantity of ferro-chrome compare to last year.

BUSINESS STRATEGY

Your Company has drawn up a multi-pronged growth strategy comprising increasing volumes, growing value and business sustainability.

Volume-driven growth: Your Company will increase the operating capacity to 1,45,000 MT through capacity balancing, process optimization and marginal capital investment. Your Company has acquired the Ferro Chrome business of Jabamayee Ferro Alloys Limited and has signed business transfer agreement for acquisition of business of Jajpur unit of Rohit Ferro Tech Ltd. on a slump sale basis.

Value-led growth: Your Company is focused on maximizing its net realization through accurate market segmentation in the domestic and international markets by selling directly to the end user. For strengthening its global footprint, the Company has planned to widen its market segmentation – catering to special steel manufacture sector with value added products. This will expand its global footprint, particularly in Europe, USA and South America, Japan.

Sustainability: For sustained business operations, your Company is developing underground mining in Kaliapani Chromite Mines of Sukinda. SRK Consulting, a reputed international consultant, has been appointed for undertaking a threadbare analysis for the proposed Underground Mining Project while a reputed International

Design Institute "China Coal Mine No.3 Construction Group Corporation Ltd ("CCMC")" has been also engaged for preparation of Detailed Design and Engineering for this proposed Underground Mining Project.

Your Company with the foresight and vision of the future of the industry has drawn out strategies for lowering consumption norms, achieving higher productivity, coupled with the drive for cost reduction through implementation of modern management initiatives to enable it to stand up to face any adverse market scenario with the global competitive prices.

BUSINESS EXCELLENCE

Your Company is implementing the World renowned Business Excellence initiative based on the Malcolm Baldrige Quality Framework. This new Business Excellence model integrates existing Business Excellence functions namely TPM, Six Sigma, Lean Management and BAL Q1 Quality Management System under a single umbrella and will help to align your Company's vision, mission, objectives and strategies in more cohesive manner. This will align organization-wide systems and processes to globally best practices which, we expect with improve people productivity, product quality and business profitability.

CORPORATE GOVERNANCE

Your Company's philosophy on Corporate Governance is founded on a rich legacy of fair and transparent governance practices which are essentially aimed at ensuring transparency in all dealings and hence seeks to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regulatory compliances.

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes that any progressive activity cannot be carried out without sustainable development and growth of the society as a whole. Keeping in mind of this fact your company discharges its social responsibilities in a proactive manner with the help of its dedicated team.

Pursuant to the requirements of the newly enacted Companies Act, 2013 the Company has framed CSR Policy to encompass the Company's Philosophy for delineating its responsibility as a corporate citizen and lays down guidelines and mechanism for welfare & sustainable development of the community at large. The CSR activities have been aligned with the vision of the Company and the activities are being carried out regularly. It aims to continue its efforts to build on its tradition of social responsibility to empower people and deepen its social engagements.

HUMAN RESOURCES

Your company's human resource philosophy has facilitated in fostering performance, transparency, team work, fairness and empowerment at all levels. This is complemented with the company's established systems and procedures that have been instrumental in realising the full potential of its human capital.

The company's human resource vision has played the prime role in shaping the company into a passionate, learning oriented and high performing organization. The Company's focus on growing the knowledge curve of its people has facilitated in developing a vibrant workforce capable of meeting present and future requirements.

ACKNOWLEDGEMENT

I take this opportunity to place on record my sincere appreciation and express my gratitude for the assistance, co-operation and support extended by Government of Odisha, officials of central and state governments, stock exchanges, our customers, bankers, shareholders and all other business associates who have, as always, extended their valuable support and active cooperation to the Company's cause.

I will not be fulfilling my duties unless I thank all the members of the Board in providing necessary guidance from time to time in successfully steering your Company to greater heights.

THANK YOU